

Highlights

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|--------|--|
| Global | Market sentiment seems to have relatively stabilized with a rebound in US stock market, especially for the technology sector tickets which had been beaten down in the previous sessions. Meanwhile, US Attorney General, Jeff Sessions, testified in the Senate Intelligence Committee hearings yesterday, in which he called any suggestion that he had colluded with Russia during the election an “appalling and detestable lie.” Market does not seem to care as much about these proceedings, however, especially as we inch closer to the outcome of tonight’s FOMC meeting. Probability of hike now stands at 97.8% according to the futures market. |
| SG | Seasonally-adjusted unemployment rate held steady at 2.2% in 1Q17, while unemployment rate for Singaporeans (3.5%) and permanent residents (3.2%) were also unchanged from the previous quarter. Encouragingly, the seasonally adjusted ratio of vacancies to unemployed people improved slightly to 0.81, up from 0.77 in the previous quarter, suggesting that there are more job vacancies available as a percentage of total job seekers. Overall, unemployment fell 6,800 in 1Q17, driven largely by lower work permit holders employed in the manufacturing and construction sectors. |
| CH | The Ministry of Finance unveiled the plan to issue CNY14 billion worth of dim sum bonds in Hong Kong and CNY2 billion worth of dollar denominated sovereign bonds in 2H17. It will be the first dollar denominated sovereign issuance in the offshore market since October 2004. The move is probably to celebrate 20-year anniversary of Hong Kong’s return to mainland. We think the issuance is unlikely to be affected by Moody’s downgrade. |
| ID | The government is assuming growth at 5.2-5.6% in the 2018 budget, as reported by Kontan daily and relayed by Bloomberg. Finance Minister Sri Mulyani Indrawati said that the government and parliament have agreed on a number of assumptions for the 2018 state budget. For instance, IDR is seen at 13300-13500/USD level and CPI slated to be between 2.5-4.5%. |
| KR | Moon Jae-in, South Korea’s president, has nominated Cho Myoung-gyon, a veteran government official with long experience in handling relationship ties with North Korea, as his new unification minister. |
| TH | International tourist arrivals rose encouragingly by 4.6% yoy in May, with tourism revenue clocking a robust 6.9% growth. Still, tourism and sport permanent secretary Pongpanu Svetarundra commented that the appreciating Thai Baht could eventually discourage this lucrative industry. |
| KR | May’s unemployment levels on a seasonally adjusted basis fell more than expected to 3.6% (vs est: 3.9%) from April’s 4.0% print. |
| CMD | Crude oil resumes decline this morning, after gaining to \$46.5/bbl at closing yesterday. The declines were likely driven by higher US oil inventories reported by the American Petroleum Institute (API) of 2.75 million barrels in the latest week, thus likely fuelling sentiments over a possible climb in tonight’s official US crude oil stock print by the Department of Energy. |

Major Markets

- **US:** A broad advance led by materials and the tech sector saw the S&P 500 and Dow set record highs ahead of the FOMC decision tomorrow. This rebound in the tech sector may signal the end of the reorientation of money away tech. Overall, the S&P 500 and Dow rose 0.45% and 0.44% to their respective highs, while the Nasdaq Composite also gained 0.73%. VIX ended lower at 10.42, down 9.1%. The US Treasury curve flattened under the influence of a strong 30y auction. 2y and 10y yields stand at 1.36% and 2.21% respectively. A rate hike has been fully priced in. However, market participants will look for any forward guidance relating to the third hike this year. Any signs of excessive dovishness may trigger concerns.
- **Singapore:** The STI index rose 0.28% to close at 3,257.52. Gains were driven by stocks like Hutchison Port Holdings Trust (+2.44%), UOL Group Ltd (+2.23%), and Wilmar International Ltd (+1.74%) while losses from Ascendas Real Estate Investment Trust (-1.10%) and Jardine Matheson Holdings Ltd (-0.99%) limited the advance of the index.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 2-4bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in LMRTSP 6.6%'49s, HSBC 4.7%'49s, STHSP 3.95%'49s, GEMAU 5.5%'19s. In the broader dollar space, the spread on JACI IG corporates changed little at 198bps. Similarly, the yield on JACI HY corporates changed little at 6.79%. 10y UST yields closed unchanged at 2.21%, ahead of expected rate hike at Wednesday's FOMC meeting.
- **New Issues:** Marble II Pte. Ltd priced a USD500mn 5NC2 bond at 5.3%, tightening from initial guidance of 5.75%. Rural Electrification Corp Ltd hired banks for potential USD Green bond issuance.
- **Rating Changes:** S&P upgraded Nissan Motor Co. Ltd's (Nissan) long-term corporate credit and senior unsecured debt ratings to 'A' from 'A-'. The outlook on the long-term corporate credit rating on Nissan is stable. The rating action reflects S&P's view that Nissan's profitability has been improving and its stability has been growing as a result of improved brand recognition and product competitiveness in key markets together with cost reductions. Fitch has downgraded Singapore-based outsourced assembly and testing (OSAT) services company Global A&T Electronics Ltd's (GATE) Long-Term Foreign-Currency and Local-Currency Issuer Default Ratings (IDRs) to 'CC', from 'CCC'. The rating action reflects Fitch's view that default is now probable and possible remedies that avoid a debt restructuring have all but evaporated.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 96.975 | -0.17% | USD-SGD | 1.3810 | -0.23% |
| USD-JPY | 110.070 | 0.11% | EUR-SGD | 1.5482 | -0.17% |
| EUR-USD | 1.1211 | 0.07% | JPY-SGD | 1.2547 | -0.34% |
| AUD-USD | 0.7537 | -0.05% | GBP-SGD | 1.7613 | 0.51% |
| GBP-USD | 1.2754 | 0.75% | AUD-SGD | 1.0410 | -0.27% |
| USD-MYR | 4.2630 | -0.12% | NZD-SGD | 0.9972 | 0.08% |
| USD-CNY | 6.7991 | 0.01% | CHF-SGD | 1.4254 | -0.24% |
| USD-IDR | 13291 | -0.13% | SGD-MYR | 3.0827 | -0.04% |
| USD-VND | 22693 | 0.02% | SGD-CNY | 4.9224 | 0.25% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3740 | -- | O/N | 0.9311 | -- |
| 2M | -0.3410 | -- | 1M | 1.1393 | -- |
| 3M | -0.3310 | -- | 2M | 1.1817 | -- |
| 6M | -0.2660 | -- | 3M | 1.2417 | -- |
| 9M | -0.1980 | -- | 6M | 1.4218 | -- |
| 12M | -0.1470 | -- | 12M | 1.7357 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) | Bund (chg) | FR (chg) | IT (chg) |
|------------|--------------|--------------|---------------|---------------|---------------|
| 2Y | 1.27 (+0.01) | 1.36 (+0.01) | -0.71 (+0.02) | -0.51 (+0.02) | -0.29 (-0.01) |
| 5Y | 1.61 (-0.02) | 1.78 (--) | -0.44 (+0.02) | -0.25 (+0.02) | 0.69 (-0.03) |
| 10Y | 2.13 (-0.01) | 2.21 (--) | 0.26 (+0.02) | 0.61 (+0.01) | 1.97 (-0.04) |
| 15Y | 2.27 (-0.01) | -- | 0.52 (+0.01) | 0.98 (--) | 2.54 (-0.03) |
| 20Y | 2.33 (--) | -- | 0.82 (+0.01) | 1.30 (--) | 2.66 (-0.03) |
| 30Y | 2.42 (--) | 2.86 (--) | 1.11 (--) | 1.58 (-0.01) | 3.12 (-0.05) |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 1-1.25 | 1.25-1.5 | 1.5-1.75 |
|------------|-----------|----------|--------|----------|----------|
| 14/06/2017 | 97.8% | 0.0% | 97.8% | 0.0% | 0.0% |
| 26/07/2017 | 97.1% | 0.0% | 97.1% | 0.0% | 0.0% |
| 20/09/2017 | 98.1% | 0.0% | 65.0% | 33.2% | 0.0% |
| 01/11/2017 | 98.1% | 0.0% | 64.5% | 33.4% | 0.3% |
| 13/12/2017 | 98.6% | 0.0% | 48.8% | 41.2% | 8.5% |
| 31/01/2018 | 98.6% | 0.0% | 47.5% | 41.4% | 9.5% |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 46.46 | 0.82% | Copper (per mt) | 5,724.3 | -0.73% |
| Brent (per barrel) | 48.72 | 0.89% | Nickel (per mt) | 8,743.0 | 0.02% |
| Heating Oil (per gallon) | 1.4477 | 1.56% | Aluminium (per mt) | 1,876.0 | -- |
| Gasoline (per gallon) | 1.4995 | 0.77% | | | |
| Natural Gas (per MMBtu) | 2.9660 | -1.92% | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,649.0 | -1.16% |
| | | | Rubber (JPY/KG) | 192.0 | 0.95% |
| Precious Metals | Futures | % chg | | | |
| Gold (per oz) | 1,265.8 | -0.02% | | | |
| Silver (per oz) | 16.767 | -1.04% | | | |

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

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 21,328.47 | 92.80 |
| S&P | 2,440.35 | 10.96 |
| Nasdaq | 6,220.37 | 44.90 |
| Nikkei 225 | 19,898.75 | -9.83 |
| STI | 3,257.52 | 9.18 |
| KLCI | 1,784.44 | -4.45 |
| JCI | 5,707.65 | 16.21 |
| Baltic Dry | 870.00 | -- |
| VIX | 10.42 | -1.04 |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 8.90 | 0.21 |
| EURIBOR-OIS | 3.02 | 0.12 |
| TED | 25.05 | -- |

Government CDS (USD)

| | 5Y | % Change |
|---------|---------|----------|
| Germany | 16.022 | 4.24% |
| France | 26.462 | -0.75% |
| Italy | 155.399 | -2.32% |

Key Economic Indicators

| Date | Time | Event | Survey | Actual | Prior | Revised | |
|------------|-------|-----------------------------------|--------|----------|----------|----------|---------|
| 06/13/2017 | 02:00 | US Monthly Budget Statement | May | -\$87.0b | -\$88.4b | -\$52.5b | -- |
| 06/13/2017 | 09:30 | AU NAB Business Conditions | May | -- | 12 | 14 | 13 |
| 06/13/2017 | 09:30 | AU NAB Business Confidence | May | -- | 7 | 13 | -- |
| 06/13/2017 | 16:30 | UK CPI MoM | May | 0.20% | 0.30% | 0.50% | -- |
| 06/13/2017 | 16:30 | UK CPI YoY | May | 2.70% | 2.90% | 2.70% | -- |
| 06/13/2017 | 16:30 | UK CPI Core YoY | May | 2.40% | 2.60% | 2.40% | -- |
| 06/13/2017 | 16:30 | UK Retail Price Index | May | 271.4 | 271.7 | 270.6 | -- |
| 06/13/2017 | 16:30 | UK RPI MoM | May | 0.30% | 0.40% | 0.50% | -- |
| 06/13/2017 | 16:30 | UK RPI YoY | May | 3.50% | 3.70% | 3.50% | -- |
| 06/13/2017 | 16:30 | UK RPI Ex Mort Int.Payments (YoY) | May | 3.80% | 3.90% | 3.80% | -- |
| 06/13/2017 | 16:30 | UK PPI Input NSA YoY | May | 13.50% | 11.60% | 16.60% | 15.60% |
| 06/13/2017 | 16:30 | UK PPI Output NSA MoM | May | 0.10% | 0.10% | 0.40% | -- |
| 06/13/2017 | 16:30 | UK PPI Output NSA YoY | May | 3.60% | 3.60% | 3.60% | -- |
| 06/13/2017 | 17:00 | GE ZEW Survey Current Situation | Jun | 85 | 88 | 83.9 | -- |
| 06/13/2017 | 17:00 | EC ZEW Survey Expectations | Jun | -- | 37.7 | 35.1 | -- |
| 06/13/2017 | 17:00 | GE ZEW Survey Expectations | Jun | 21.7 | 18.6 | 20.6 | -- |
| 06/13/2017 | 18:00 | US NFIB Small Business Optimism | May | 104.5 | 104.5 | 104.5 | -- |
| 06/13/2017 | 20:30 | US PPI Final Demand MoM | May | 0.00% | 0.00% | 0.50% | -- |
| 06/13/2017 | 20:30 | US PPI Ex Food and Energy MoM | May | 0.10% | 0.30% | 0.40% | -- |
| 06/13/2017 | 20:30 | US PPI Final Demand YoY | May | 2.30% | 2.40% | 2.50% | -- |
| 06/13/2017 | 20:30 | US PPI Ex Food and Energy YoY | May | 1.90% | 2.10% | 1.90% | -- |
| 06/14/2017 | 05:30 | NZ REINZ House Sales YoY | May | -- | -18.40% | -31.00% | -- |
| 06/14/2017 | 06:45 | NZ Food Prices MoM | May | -- | 2.40% | -0.80% | -- |
| 06/14/2017 | 06:45 | NZ BoP Current Account Bal NZD | 1Q | 1.000b | 0.244b | -2.335b | -2.415b |
| 06/14/2017 | 07:00 | SK Unemployment rate SA | May | 3.90% | 3.60% | 4.00% | -- |
| 06/14/2017 | 08:30 | AU Westpac Cons Conf SA MoM | Jun | -- | -- | -1.10% | -- |
| 06/14/2017 | 10:00 | CH Retail Sales YoY | May | 10.70% | -- | 10.70% | -- |
| 06/14/2017 | 10:00 | CH Fixed Assets Ex Rural YTD YoY | May | 8.80% | -- | 8.90% | -- |
| 06/14/2017 | 10:00 | CH Industrial Production YoY | May | 6.40% | -- | 6.50% | -- |
| 06/14/2017 | 10:00 | CH Industrial Production YTD YoY | May | 6.60% | -- | 6.70% | -- |
| 06/14/2017 | 12:30 | JN Industrial Production MoM | Apr F | -- | -- | 4.00% | -- |
| 06/14/2017 | 12:30 | JN Industrial Production YoY | Apr F | -- | -- | 5.70% | -- |
| 06/14/2017 | 12:30 | JN Capacity Utilization MoM | Apr | -- | -- | -1.60% | -- |
| 06/14/2017 | 14:00 | GE CPI MoM | May F | -0.20% | -- | -0.20% | -- |
| 06/14/2017 | 14:00 | GE CPI YoY | May F | 1.50% | -- | 1.50% | -- |
| 06/14/2017 | 14:00 | GE CPI EU Harmonized MoM | May F | -0.20% | -- | -0.20% | -- |
| 06/14/2017 | 14:00 | GE CPI EU Harmonized YoY | May F | 1.40% | -- | 1.40% | -- |
| 06/14/2017 | 14:30 | IN Wholesale Prices YoY | May | 2.90% | -- | 3.85% | -- |
| 06/14/2017 | 16:30 | UK Claimant Count Rate | May | -- | -- | 2.30% | -- |
| 06/14/2017 | 16:30 | UK Jobless Claims Change | May | -- | -- | 19.4k | -- |
| 06/14/2017 | 16:30 | UK ILO Unemployment Rate 3M | Apr | 4.60% | -- | 4.60% | -- |
| 06/14/2017 | 17:00 | EC Industrial Production SA MoM | Apr | 0.50% | -- | -0.10% | -- |
| 06/14/2017 | 17:00 | EC Industrial Production WDA YoY | Apr | 1.40% | -- | 1.90% | -- |
| 06/14/2017 | 19:00 | US MBA Mortgage Applications | Jun-09 | -- | -- | 7.10% | -- |
| 06/14/2017 | 20:30 | US CPI MoM | May | 0.00% | -- | 0.20% | -- |
| 06/14/2017 | 20:30 | US CPI Ex Food and Energy MoM | May | 0.20% | -- | 0.10% | -- |
| 06/14/2017 | 20:30 | US CPI YoY | May | 2.00% | -- | 2.20% | -- |
| 06/14/2017 | 20:30 | US CPI Ex Food and Energy YoY | May | 1.90% | -- | 1.90% | -- |
| 06/14/2017 | 20:30 | US Retail Sales Advance MoM | May | 0.00% | -- | 0.40% | -- |
| 06/14/2017 | 20:30 | US Retail Sales Ex Auto MoM | May | 0.10% | -- | 0.30% | -- |
| 06/14/2017 | 20:30 | US Retail Sales Ex Auto and Gas | May | 0.30% | -- | 0.30% | -- |
| 06/14/2017 | 06/15 | CH Money Supply M2 YoY | May | 10.40% | -- | 10.50% | -- |
| 06/14/2017 | 06/15 | CH New Yuan Loans CNY | May | 1000.0b | -- | 1100.0b | -- |

Source: Bloomberg

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