

Highlights

Global	S&P500 and Nasdaq edged to fresh highs, buoyed by energy, healthcare and tech stocks, and both the USD and crude oil prices also firmed, whereas UST bonds paused ahead of today's onslaught of central bank decisions comprising ECB, BOJ and BI. While market players are on alert to any potentially hawkish rhetoric from the ECB (note news that ECB staff are supposedly examining scenarios for the future path of QE ahead of a Governing Council decision that is tipped in September or later), nevertheless, both the VIX and the 10-year UST volatility index are both trading very close to their record lows. The ECB is likely to signal greater economic and policy confidence to hint at a September announcement, but the BOJ will be more reticent on any hasty exit path given the lack of inflation conviction, and BI is clearly in a wait-and-see mode for now. As such, Asian bourses may trade with a light-footed tone today, awaiting the trio of central bank decisions. Today's economic data release calendar comprises US' initial jobless claims, Philadelphia Fed business outlook and leading index, UK' retail sales, and Australia's employment data.
US	Housing starts surged 8.3% mom to a four month high of 1.215m annualised pace in June, led by single-family and multi-family activity, while building permits which is a proxy for future construction activity also rebounded 7.4% mom to 1.254m annualised rate and suggested that the soft patch in recent months was likely limited to 2Q, but the challenge was higher costs of construction materials and shortages of land and skilled labour. Meanwhile, MBA mortgage applications also rose 6.3% last week. Separately, the first round of Nafta negotiations will start on 16-20 August, with seven rounds of talks in three-week intervals to avoid Mexico's 2018 presidential elections. Meanwhile, US president Trump has urged Senate Republicans to delay recess until they repeal the Affordable Care Act.
SG	COE premiums closed higher for categories A, B and E in yesterday's bidding.
CH	PBoC has net injected CNY410 billion this week via daily open market operation amid tight liquidity. In addition, China and US failed to agree on major steps to reduce the US trade deficit with China in its first comprehensive economic dialogue under Trump Administration.
MA	Headline CPI inflation for the month of June came in at 3.6%yoy, against 3.9% estimated by consensus. In seasonally adjusted terms, consumer prices fell by 0.2%mom.
TH	Trade data is expected to be out later today, where market consensus is pencilling exports and imports growth at 7.9% and 11.1%, respectively.
Commodities	Crude oil staged a strong rally overnight as investors digested the surprisingly lower US crude oil inventories (-4.7 million barrels for the week ended 14 th July), defying previous API data that crude rose 1.6 million barrels. In addition, gasoline inventories also fell 4.4 million barrels over the same period, while gasoline supplied (DOE's proxy for gasoline demand) remained above 10 million barrels, starkly above its 5-year average at a mere 9.5 million barrels.

Major Markets

- **US:** Investors continue to sweep aside political deadlock concerns in the Congress, pushing equities to a broad-based advance that saw all major indices breaking records. All industry sectors in the S&P 500 saw gains, with energy and materials stocks leading the way. The Nasdaq Composite rose 0.64% to a new high of 6385.04, while the S&P 500 and Dow also hit records at 2473.83 and 21640.75, rising 0.54% and 0.31% respectively. VIX is lower at 9.79. US Treasuries saw muted trading within a narrow band ahead of the ECB meeting later today. Yields closed slightly firmer, with the 2y and 10y benchmarks up 1 bp each to 1.36% and 2.27%.
- **Singapore:** STI added another 0.57% to close at 3325.07 yesterday, and so far the overnight Wall Street and morning Kospi cues are positive. Expect resistance at 3340 with support at 3300. With the UST bond market taking a breather ahead of ECB and BOJ, the SGS market is likely to also be sidelined in the interim. Watch for today's announcement of the issue size for the 7-year SGS re-opening for auction on 27 July and issue on 1 August.
- **Indonesia:** The government is reportedly considering a revision of thresholds on nontaxable income to increase the country's currently low tax-to-GDP ratio. These thresholds could potentially be set at different levels for each of the provinces to account for disparities in income and purchasing power.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 3-6bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, better selling seen in UOBSP 4.9%-PERPs, and mixed interest seen in WINGTA 4.08%-PERPs, RHTSP 4.5%'18s, OLAMSP 5.5%-PERPs. In the broader dollar space, the spread on JACI IG Corporates traded little changed at 190bps, while the yield on JACI HY Corporates fell 2bps to 6.88%. 10y UST yields rose 1bps to 2.27% yesterday, as treasuries lacked directional catalysts while awaiting the 20 July ECB meeting.
- **New Issues:** Mercatus Co-operative Ltd has priced a SGD200mn 7-year bond at 2.8%, tightening from initial guidance of 2.95%. Gemdale Ever Prosperity Investment Ltd has priced a USD200mn 5NC3 bond (guaranteed by Famous Commercial Ltd) at 4.975%, tightening from initial guidance of 5.375%. The expected issue ratings are 'NR/Ba3/NR'. Shandong Energy Australia Pty Ltd has priced a USD300mn 3-year bond (guaranteed by Shandong Energy Group Co Ltd) at 4.7%, tightening from initial guidance of 5.05%. The expected issue ratings are 'BB/NR/NR'. Doosan Infracore Co has priced a USD300mn 3-year bond (guaranteed by Korea Development Bank) at CT3+102.5bps. The expected issue ratings are 'NR/Aa2/NR'. CDBL Funding 2 has scheduled investor meetings for potential USD bond issuance (guaranteed by Metro Excel Ltd) from 20 Jul. The expected issue ratings are 'NR/A2/A+'.
- **Rating Changes:** Fitch has upgraded Shanghai Pudong Development Bank Co Ltd's (SPDB) Issuer Default Rating to 'BBB' from 'BBB-'. The outlook is stable. The rating action reflects Fitch's perception of a higher propensity for support to SPDB on the back of its tighter relationship with the Shanghai State-Owned Assets Supervision and Administration Commission (Shanghai SASAC) of the Shanghai Municipal Government.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	94.779	0.18%	USD-SGD	1.3684	0.14%
USD-JPY	111.970	-0.09%	EUR-SGD	1.5757	-0.20%
EUR-USD	1.1515	-0.34%	JPY-SGD	1.2222	0.23%
AUD-USD	0.7952	0.45%	GBP-SGD	1.7820	0.01%
GBP-USD	1.3022	-0.14%	AUD-SGD	1.0882	0.60%
USD-MYR	4.2865	0.04%	NZD-SGD	1.0067	0.24%
USD-CNY	6.7519	0.08%	CHF-SGD	1.4320	0.07%
USD-IDR	13321	0.09%	SGD-MYR	3.1319	-0.07%
USD-VND	22729	-0.03%	SGD-CNY	4.9342	-0.07%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	1.1772	--
2M	-0.3410	--	1M	1.2278	--
3M	-0.3310	--	2M	1.2567	--
6M	-0.2740	--	3M	1.3069	--
9M	-0.2060	--	6M	1.4560	--
12M	-0.1510	--	12M	1.7334	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
07/26/2017	0.0%	0.1%	99.9%	0.0%	0.0%
09/20/2017	10.1%	0.1%	89.8%	10.1%	0.0%
11/01/2017	12.7%	0.1%	87.2%	12.4%	0.3%
12/13/2017	40.4%	0.1%	59.6%	36.2%	4.1%
01/31/2018	42.1%	0.1%	57.9%	36.8%	5.0%
03/21/2018	57.2%	0.0%	42.7%	42.3%	13.4%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.12	1.55%	Copper (per mt)	5,975.6	-0.73%
Brent (per barrel)	49.70	1.76%	Nickel (per mt)	9,615.5	-1.36%
Heating Oil (per gallon)	1.5514	2.71%	Aluminium (per mt)	1,905.0	-0.61%
Gasoline (per gallon)	1.6169	2.41%			
Natural Gas (per MMBtu)	3.0660	-0.71%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,525.0	0.48%
Precious Metals	Futures	% chg	Rubber (JPY/KG)	207.7	3.08%
Gold (per oz)	1,242.0	0.01%			
Silver (per oz)	16.297	0.18%			

Equity and Commodity

Index	Value	Net change
DJIA	21,640.75	66.02
S&P	2,473.83	13.22
Nasdaq	6,385.04	40.74
Nikkei 225	20,020.86	20.95
STI	3,325.07	18.99
KLCI	1,757.27	2.35
JCI	5,806.69	-15.66
Baltic Dry	932.00	--
VIX	9.79	-0.10

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.22 (+0.04)	1.36 (+0.01)
5Y	1.52 (+0.03)	1.82 (+0.01)
10Y	2.08 (+0.01)	2.27 (+0.01)
15Y	2.30 (--)	--
20Y	2.34 (--)	--
30Y	2.40 (-0.01)	2.85 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	14.24	0.24
EURIBOR-OIS	2.65	-0.15
TED	24.88	--

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

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised
07/19/2017 04:00	US	Total Net TIC Flows	May --	\$57.3b	\$65.8b	\$74.4b
07/19/2017 04:00	US	Net Long-term TIC Flows	May --	\$91.9b	\$1.8b	\$9.7b
07/19/2017 05:00	SK	PPI YoY	Jun --	2.80%	3.50%	3.40%
07/19/2017 08:30	AU	Westpac Leading Index MoM	Jun --	-0.14%	-0.02%	-0.01%
07/19/2017 12:00	MA	CPI YoY	Jun 3.90%	3.60%	3.90%	--
07/19/2017 13:57	PH	BoP Overall	Jun --	-\$569m	-\$59m	--
07/19/2017 14:00	JN	Machine Tool Orders YoY	Jun F --	31.10%	31.10%	--
07/19/2017 16:00	SI	Automobile COE Open Bid Cat A	Jul-19 --	44002	42801	--
07/19/2017 16:00	SI	Automobile COE Open Bid Cat B	Jul-19 --	50001	49802	--
07/19/2017 16:00	SI	Automobile COE Open Bid Cat E	Jul-19 --	50101	49899	--
07/19/2017 16:30	HK	Composite Interest Rate	Jun --	0.31%	0.31%	--
07/19/2017 19:00	US	MBA Mortgage Applications	Jul-14 --	6.30%	-7.40%	--
07/19/2017 20:30	CA	Manufacturing Sales MoM	May 0.80%	1.10%	1.10%	0.40%
07/19/2017 20:30	US	Housing Starts	Jun 1160k	1215k	1092k	1122k
07/19/2017 20:30	US	Building Permits	Jun 1201k	1254k	1168k	--
07/20/2017 07:50	JN	Trade Balance	Jun ¥488.0b	--	¥203.4b	¥204.2b
07/20/2017 07:50	JN	Trade Balance Adjusted	Jun ¥127.5b	--	¥133.8b	--
07/20/2017 07:50	JN	Exports YoY	Jun 9.50%	--	14.90%	--
07/20/2017 09:30	AU	NAB Business Confidence	2Q --	--	6	--
07/20/2017 09:30	AU	Employment Change	Jun 15.0k	--	42.0k	--
07/20/2017 09:30	AU	Unemployment Rate	Jun 5.60%	--	5.50%	--
07/20/2017 09:30	AU	Full Time Employment Change	Jun --	--	52.1k	--
07/20/2017 09:30	AU	Part Time Employment Change	Jun --	--	-10.1k	--
07/20/2017 09:30	AU	Participation Rate	Jun 64.90%	--	64.90%	--
07/20/2017 09:30	AU	RBA FX Transactions Market	Jun --	--	A\$735m	--
07/20/2017 12:30	JN	All Industry Activity Index MoM	May -0.80%	--	2.10%	--
07/20/2017 14:00	GE	PPI MoM	Jun -0.10%	--	-0.20%	--
07/20/2017 14:00	GE	PPI YoY	Jun 2.30%	--	2.80%	--
07/20/2017 15:00	TH	Customs Exports YoY	Jun 7.85%	--	13.20%	--
07/20/2017 15:00	TH	Customs Imports YoY	Jun 11.05%	--	18.20%	--
07/20/2017 15:00	TH	Customs Trade Balance	Jun \$1410m	--	\$944m	--
07/20/2017 15:00	JN	Convenience Store Sales YoY	Jun --	--	1.00%	--
07/20/2017 16:00	EC	ECB Current Account SA	May --	--	22.2b	--
07/20/2017 16:00	TA	Export Orders YoY	Jun 8.30%	--	9.10%	--
07/20/2017 16:30	UK	Retail Sales Ex Auto Fuel MoM	Jun 0.50%	--	-1.60%	--
07/20/2017 16:30	UK	Retail Sales Ex Auto Fuel YoY	Jun 2.50%	--	0.60%	--
07/20/2017 16:30	UK	Retail Sales Inc Auto Fuel MoM	Jun 0.40%	--	-1.20%	--
07/20/2017 16:30	UK	Retail Sales Inc Auto Fuel YoY	Jun 2.50%	--	0.90%	--
07/20/2017 16:30	HK	CPI Composite YoY	Jun 2.10%	--	2.00%	--
07/20/2017 16:30	IT	Current Account Balance	May --	--	3432m	--
07/20/2017 19:45	EC	ECB Main Refinancing Rate	Jul-20 0.00%	--	0.00%	--
07/20/2017 19:45	EC	ECB Marginal Lending Facility	Jul-20 0.25%	--	0.25%	--
07/20/2017 19:45	EC	ECB Deposit Facility Rate	Jul-20 -0.40%	--	-0.40%	--
07/20/2017 20:30	US	Initial Jobless Claims	Jul-15 245k	--	247k	--
07/20/2017 20:30	US	Continuing Claims	Jul-08 1949k	--	1945k	--
07/20/2017 20:30	US	Philadelphia Fed Business Outlook	Jul 23	--	27.6	--
07/20/2017 21:45	US	Bloomberg Consumer Comfort	Jul-16 --	--	47	--
07/20/2017 21:45	US	Bloomberg Economic Expectations	Jul --	--	52	--
07/20/2017 22:00	EC	Consumer Confidence	Jul A -1.2	--	-1.3	--
07/20/2017 22:00	US	Leading Index	Jun 0.40%	--	0.30%	--
07/20/2017	JN	BOJ Policy Balance Rate	Jul-20 -0.10%	--	-0.10%	--
07/19/2017 07/31	PH	Budget Balance PHP	Jun --	--	-33.4b	--

Source: Bloomberg

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