

## Highlights

Global	Market sentiment appears to be more supported, with S&P 500 stock index up by 0.8% overnight. In fact, a rebound in technology shares pushed US markets to fresh high levels. For the day ahead, market will be on the lookout for MSCI's decision on whether to include China's domestic shares in its benchmark indices. It had rejected China's entry three times before, citing illiquidity concerns. Market will also be digesting comments by Chicago's Federal Reserve chief, Charles Evans, this morning. In a speech in New York, Evans sounded dovish, stating that the Fed needs to show a commitment to reaching their goal on inflation, which has been running below target since 2008. While he supported last week's rate hike decision, Evans said that "the current environment supports very gradual rate hikes and slow preset reductions in our balance sheet."
CH	China's bond market rallied on Monday following PBoC's CNY110 billion net injections.
HK	China's insurance regulator has blocked 35 websites and social media accounts that have been selling Hong Kong insurance products to Mainland investors. Mainland institutions have been increasingly violating the laws by directly selling or acting as proxy for sales of Hong Kong insurance products to mainland consumers. As the outlook of RMB has been improving, the major factor driving Mainlanders to invest in foreign assets is their increasing needs for assets diversification. However, these needs may not be easily met as Chinese authorities appear to have remained cautious about outflows under capital account. Adding on China's deleveraging campaign, we believe that capital flows from Mainland China to HK will decelerate and lend less support to the HKD.
ID	Finance Minister Sri Mulyani Indrawati said that the government is in the process of finalizing revisions to 2017 budget, with the fiscal deficit set to be widened to 2.6% of GDP. The government will need IDR37-40tn of additional financing, and will add IDR10-20tn of additional spending for some special needs including preparation for Asian Games.
MA	Malaysia Building Society has reportedly submitted an application to Bank Negara to seek approvals for a proposed merger with Asian Finance Bank.
KR	About half of South Koreans are in favour of reopening the Gaeseong Industrial Complex (GIC), according to Realmeter poll. Specifically, 49.4% supported the move, 39.9% opposed it, while 16.8% were "very opposed" to the project. The Gaesong Industrial Complex has historically been a symbol of inter-Korean cooperation.
CMD	News of further supplies from Libya and the US threatened oil prices lower. Reportedly, Libyan oil production is the highest in four years, after a deal with Wintershall which enabled at least two of its fields to resume oil production. Elsewhere, US oil rig counts rose for its 22nd straight session, suggesting higher oil production into the month ahead.

## Major Markets

- **US:** Risk-on sentiments reasserted themselves on the equity markets on Monday, with tech stocks leading a broad rally higher. On the other end of the spectrum, utilities were lower on firmer US Treasury yields, while energy stocks continue to be pressured by the weakness in crude. Overall, the S&P 500 and Dow rose 0.84% and 0.68% to another record high, while the Nasdaq Composite gained 1.42%. VIX essentially unchanged at 10.37. US Treasury yields firmed on Dudley's comments that the Fed are committed to the rate hike path so that it would not need to "slam on the brakes" later on. 2y and 10y stood at 1.36% and 2.19% respectively.
- **Singapore:** The STI index rose by 0.49% to close at 3,247.18 after 3 consecutive days of losses. 34 out of the 40 members of the index posted gains with City Developments Ltd (+2.54%), UOL Group Ltd (+1.97%), and Golden Agri-Resources Ltd (+1.37%) topping the charts. However, losses from 3 of its members, Jardine Matheson Holdings Ltd (-0.78%), Ascendas Real Estate Investment Trust (-0.73%), and Thai Beverage PCL (-0.55%) limited the advance of the group.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 4-6bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, STHSP 3.95%-PERP, CHIPEN 4.9%'22s, mixed interest seen in BAER 5.75%-PERPs. In the broader dollar space, the spread on JACI IG corporates added 1bps to 197bps, while the yield on JACI HY corporates changed little at 6.75%. 10y UST yields rose 4bps to 2.19%, with a selloff sparked by comments from U.S Federal Reserve's William Dudley.
- **New Issues:** Industrial & Commercial Bank of China Ltd. (Hong Kong Branch) priced a USD700mn 2-tranche deal, with the USD300mn 3-year piece at 3mL+77bps, tightening from initial guidance of 3mL+100bps; the USD400mn 5-year piece at 3mL+90bps, tightening from initial guidance of 3mL+110bps. The expected issue ratings are 'NR/A1/NR'. Road King Infrastructure priced a USD300mn Perp NC5 at 7%, tightening from initial guidance of 7.375%. Prime Bloom Holdings Ltd. hired banks for potential USD bond issuance (guaranteed by Shandong Ruyi Technology Group Co. Ltd.). The expected issue ratings are 'B/B3/NR'. Adani Ports & Special Economic Zone Ltd. scheduled investor roadshow from 20 Jun for potential USD 10-year bond issuance. The expected issue ratings are 'BBB-/Baa3/BBB-'. China Reinsurance Finance Corporation Ltd. scheduled investor roadshow from 20 Jun for potential re-tap of its USD bond maturing in 2022. NongHyup Bank scheduled investor roadshow from 26 Jun for potential USD issuance.
- **Rating Changes:** Moody's has downgraded the Baseline Credit Assessments (BCAs) and long-term ratings of 12 Australian banks and their affiliates by one notch, The rating outlook is stable. The rating action reflects elevated risks in the household sector which heighten the sensitivity of the banks' credit profiles to an adverse shock. In addition, Moody's affirmed the BCAs and long-term ratings of another six Australian banks and their affiliates, with stable outlook. The rating action reflects the balance sheet buffers and resilience to potential shocks for these banks. In particular, the four major Australian banks' (Australia New Zealand Banking, Commonwealth Bank of Australia, National Australia Bank, Westpac Banking Corp) long-term ratings were downgraded to 'Aa3' from 'Aa2', while their BCA were downgraded to 'A2' from 'A1'. The rating outlook for these four banks were revised to stable from negative. Moody's affirmed Adani Ports and Special Economic Zone Limited's (APSEZ) 'Baa3' issuer and senior unsecured rating rating. In addition, Moody's revised the outlook to stable from negative. The rating action reflects the stabilization in the company's operating performance and a decline in its financial leverage.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.548	0.40%	USD-SGD	1.3870	0.30%
USD-JPY	111.530	0.59%	EUR-SGD	1.5463	-0.14%
EUR-USD	1.1149	-0.44%	JPY-SGD	1.2436	-0.31%
AUD-USD	0.7600	-0.28%	GBP-SGD	1.7667	-0.05%
GBP-USD	1.2737	-0.36%	AUD-SGD	1.0541	0.01%
USD-MYR	4.2770	0.02%	NZD-SGD	1.0032	-0.01%
USD-CNY	6.8195	0.13%	CHF-SGD	1.4217	0.07%
USD-IDR	13282	-0.13%	SGD-MYR	3.0914	0.05%
USD-VND	22723	0.15%	SGD-CNY	4.9227	-0.08%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1772	--
2M	-0.3410	--	1M	1.2122	--
3M	-0.3290	--	2M	1.2439	--
6M	-0.2710	--	3M	1.2736	--
9M	-0.2010	--	6M	1.4327	--
12M	-0.1540	--	12M	1.7323	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.23 (-0.02)	1.36 (+0.04)	-0.66 (--)	-0.49 (+0.01)	-0.21 (-0.01)
5Y	1.53 (-0.04)	1.79 (+0.04)	-0.40 (+0.01)	-0.21 (+0.01)	0.70 (-0.02)
10Y	2.04 (-0.05)	2.19 (+0.04)	0.28 (--)	0.63 (--)	1.95 (-0.04)
15Y	2.21 (-0.04)	--	0.53 (-0.01)	0.98 (-0.01)	2.51 (-0.03)
20Y	2.28 (-0.03)	--	0.82 (-0.01)	1.30 (-0.01)	2.64 (-0.03)
30Y	2.36 (-0.03)	2.78 (+0.01)	1.09 (-0.01)	1.57 (-0.01)	3.08 (-0.03)

### 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	40.2%	0.4%	59.4%	35.4%	4.8%
31/01/2018	40.7%	0.4%	58.9%	35.6%	5.1%
21/03/2017	56.1%	0.3%	43.6%	41.7%	13.0%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	44.20	-1.21%	Copper (per mt)	5,708.9	0.99%
Brent (per barrel)	46.91	-0.97%	Nickel (per mt)	8,952.5	0.78%
Heating Oil (per gallon)	1.4111	-1.11%	Aluminium (per mt)	1,874.5	1.05%
Gasoline (per gallon)	1.4506	-0.29%			
Natural Gas (per MMBtu)	2.8940	-4.71%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,640.0	-0.60%
			Rubber (JPY/KG)	206.1	-3.24%
Precious Metals	Futures	% chg			
Gold (per oz)	1,244.2	-0.78%			
Silver (per oz)	16.502	-0.95%			

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

### Equity and Commodity

Index	Value	Net change
DJIA	21,528.99	144.71
S&P	2,453.46	20.31
Nasdaq	6,239.01	87.26
Nikkei 225	20,067.75	124.49
STI	3,247.18	15.74
KLCI	1,788.90	-2.41
JCI	5,741.91	18.27
Baltic Dry	851.00	--
VIX	10.37	--

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	11.16	1.94
EURIBOR-OIS	3.03	-0.09
TED	26.63	--

### Government CDS (USD)

	5Y	% Change
Germany	15.147	-0.34%
France	24.079	-5.48%
Italy	146.091	-3.66%

### Key Economic Indicators

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Date	Time	Event		Survey	Actual	Prior	Revised	
06/19/2017	05:00	SK	PPI YoY	May	--	3.50%	4.00%	3.80%
06/19/2017	06:00	NZ	Westpac Consumer Confidence	2Q	--	113.4	111.9	--
06/19/2017	06:30	NZ	Performance Services Index	May	--	58.8	52.8	53.2
06/19/2017	07:01	UK	Rightmove House Prices MoM	Jun	--	-0.40%	1.20%	--
06/19/2017	07:01	UK	Rightmove House Prices YoY	Jun	2.80%	1.80%	3.00%	--
06/19/2017	07:50	JN	Trade Balance	May	¥43.3b	-¥203.4b	¥481.7b	¥481.1b
06/19/2017	07:50	JN	Trade Balance Adjusted	May	¥345.5b	¥133.8b	¥97.6b	¥157.6b
06/19/2017	07:50	JN	Exports YoY	May	16.00%	14.90%	7.50%	--
06/19/2017	07:50	JN	Imports YoY	May	14.50%	17.80%	15.10%	15.20%
06/19/2017	09:30	AU	New Motor Vehicle Sales MoM	May	--	2.90%	0.30%	0.60%
06/19/2017	09:30	AU	New Motor Vehicle Sales YoY	May	--	4.90%	0.10%	0.40%
06/19/2017	09:30	CH	China May Property Prices					
06/19/2017	14:33	PH	BoP Overall	May	--	-\$59m	\$917m	--
06/19/2017	17:00	EC	Construction Output MoM	Apr	--	0.30%	-1.10%	--
06/19/2017	17:00	EC	Construction Output YoY	Apr	--	3.20%	3.60%	3.80%
06/19/2017	18:43	HK	Composite Interest Rate	May	--	0.31%	0.32%	--
06/19/2017	22:00	CA	Bloomberg Nanos Confidence	Jun-16	--	58	57.8	--
06/20/2017	09:00	NZ	ANZ Consumer Confidence Index	Jun	--	--	123.9	--
06/20/2017	09:00	NZ	ANZ Consumer Confidence MoM	Jun	--	--	1.80%	--
06/20/2017	09:30	AU	House Price Index QoQ	1Q	2.20%	--	4.10%	--
06/20/2017	09:30	AU	House Price Index YoY	1Q	8.90%	--	7.70%	--
06/20/2017	09:30	AU	RBA June Rate Meeting Minutes					
06/20/2017	13:30	JN	Nationwide Dept Sales YoY	May	--	--	0.70%	--
06/20/2017	13:30	JN	Tokyo Dept Store Sales YoY	May	--	--	-0.80%	--
06/20/2017	14:00	GE	PPI MoM	May	-0.10%	--	0.40%	--
06/20/2017	14:00	GE	PPI YoY	May	2.90%	--	3.40%	--
06/20/2017	15:00	JN	Convenience Store Sales YoY	May	--	--	0.30%	--
06/20/2017	16:00	TA	Export Orders YoY	May	7.50%	--	7.40%	--
06/20/2017	16:00	EC	ECB Current Account SA	Apr	--	--	34.1b	--
06/20/2017	16:00	EC	Current Account NSA	Apr	--	--	44.8b	--
06/20/2017	16:00	IT	Current Account Balance	Apr	--	--	3121m	--
06/20/2017	16:30	HK	CPI Composite YoY	May	2.10%	--	2.00%	--
06/20/2017	16:30	HK	Unemployment Rate SA	May	3.20%	--	3.20%	--
06/20/2017	20:30	CA	Wholesale Trade Sales MoM	Apr	0.50%	--	0.90%	--
06/20/2017	20:30	US	Revisions: Current Account					
06/20/2017	20:30	US	Current Account Balance	1Q	-\$123.6b	--	-\$112.4b	--
06/19/2017	06/30	PH	Budget Balance PHP	May	--	--	52.8b	--
06/19/2017	06/21	ID	Local Auto Sales	May	--	--	89588	--
06/19/2017	06/21	ID	Motorcycle Sales	May	--	--	388045	--

Source: Bloomberg

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