

Highlights

Global	<p>The surge in the euro to its highest since Aug'16 prints given ECB Draghi's perceived hawkish comment took headlines this morning. Rhetorically, Draghi commented that "the central bank can accompany the recovery by adjusting the parameters of its policy instruments – not in order to tighten the policy stance, but to keep it broadly unchanged", leading market-watchers to regard that ECB could be ready to reduce its bond-buying program. Still, the ECB chief also commented that any "adjustments to our stance have to be made gradually, and only when the improving dynamics that justify them appear sufficiently secure." In a similarly closely-watched central bank talk, Yellen's speech earlier in London steered clear from giving any further cues on the FOMC monetary stance, and only mentioned that the central bank will "raise interest rates very gradually". Elsewhere, note that Senate Republicans postponed a planned vote on the GOP bill to replace Obamacare until after the 4th July recess. Moreover, IMF cut US growth outlook to 2.1%, down from its April's pencil of 2.3%, citing the removal of assumption of Trump's plan to cut taxes and boost infrastructure spending to spur growth. A relatively quiet economic calendar for today, note US MBA mortgage application and wholesale inventory prints later.</p>
US	<p>Equities took a hit as Fed officials appear coordinated in hinting that asset valuations are looking elevated. Selling pressure on tech stocks continued to dominate the agenda, while healthcare also took a hit after the US Senate delayed a vote on Trump's healthcare reforms. Financials was the only industry sector that rose within the S&P 500 index. Overall, the S&P 500 and the Dow shed 0.81% and 0.46% respectively, and the Nasdaq Composite led losses with a 1.61% retreat. US Treasuries also saw a sell-off, as Yellen reiterated that the pace of monetary tightening remained unchanged. It appears that any nascent market expectations that rate hikes will be delayed in the face of recent weakness in data will be disappointed. 2y and 10y benchmark yields soared 4-7 bps, standing at 1.37% and 2.21% at NY close.</p>
CH	<p>China's Premier Li Keqiang hinted yesterday in the World Economic Forum that China's growth momentum extended in the second quarter. As such, we think the chance for China's growth to stay above 6.5% in 2Q is high.</p>
MU	<p>Unemployment rate held static at 2% during the three months through April while total employed population rose slightly from 381,500 to 381,800. This indicates that the labor market remains resilient. By sector, employment in the gaming sector rose by 1.1% on monthly basis due to further improvement in the sector's performance.</p>
Commodities	<p>The commodity complex saw broad gains across the commodity classes, especially seen in dollar-denominated ones on the weaker greenback. The energy sector saw the most gains, with WTI gaining almost 2.0% to \$44.24/bbl while Brent closed 1.8% higher to \$46.65/bbl. Surprisingly however, the precious metal complex were flattish, suggesting the market-watchers' concerns over FOMC rate hike and balance sheet tapering later this year should eventually dull gold's safe haven value.</p>

Major Markets

- **Singapore:** The STI index rose by 0.31% to close at 3,219.53 as 29 out of the 40 member index ended the day above water. Top gainers would include SATS Ltd (+1.78%), Jardine Cycle & Carriage Ltd (+1.76%), and Genting Singapore PLC (+\$1.41%) while losses from City Developments Ltd (-1.56%), CapitaLand Commercial Trust (-0.61%), and CapitaLand Ltd (-0.56%) limited the advance of the index.
- **Macau:** On the other hand, employment in construction sector retreated by 4.5% mom (-26.5% yoy) as fewer mega projects are under construction as compared to the past two years. As the only mega project to be launched this year has not been completed yet, the employment in the hotel and restaurants sector reduced by 0.9% mom (-2.7% yoy). Finally, as the retail sector continued to gain traction amid improved tourism activities, employers increased headcounts with employment growing 0.1% mom (9.7% yoy). Looking ahead, we expect overall hiring sentiments to remain upbeat in the gaming and retail sectors amid the revival in tourism activities. On the other hand, tourism-related sectors will increase their labor force demand as the number of projects scheduled to be completed is set to increase in the coming years. This complements the government's plan to increase housing supply which will also boost employment in the construction sector. Therefore, unemployment rate is likely to remain around 2% this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 2-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, WINGTA 4.08%-PERPs and STHSP 3.95%-PERPs, and better selling seen in OUESP 4.25%'19s. In the broader dollar space, the spread on JACI IG corporates fell by 2bps at 193bps while the yield on JACI HY Corporates fell by 1bp to 6.80%. 10y UST yields rose by 7bps to 2.21%, as European Central Bank President Mario Draghi hinted that subdued inflation is temporary "that typically the central bank can look through". Meanwhile, Federal Reserve Chairwoman Janet Yellen continued to signal that the U.S. economy can withstand higher interest rates and said that asset valuations were rich.
- **New Issues:** FH REIT Treasury Pte Ltd priced a SGD120mn 5-year bond (guaranteed by Frasers Hospitality REIT) at 2.63%. Perennial Treasury Pte Ltd priced a SGD100mn 3-year bond (guaranteed by Perennial Real Estate Holdings Ltd) at 3.85%, tightening from initial guidance of 4%. Shimao Properties Holdings Ltd priced a USD150mn re-tap on its existing SHIMAO 4.75%'22s at 100.5. Melco Resorts priced a USD350mn re-tap of its existing MPEL 4.875%'25s at 100.75. Korea Development Bank priced a USD300mn 5-year green bond at 3mL+72.5bps, tightening from an initial guidance of 3mL+90bps area. The expected issue ratings are 'AA/Aa2/AA-'. Skyland Mining (BVI) Ltd has priced a USD500mn 3-year bond (guaranteed by China Gold International Resources Corp) at CT3+185bps, tightening from initial guidance of CT3+210bps. The expected issue ratings are 'BBB-/NR/NR'. Swire Pacific MTN Financing Ltd has priced a USD300mn 7-year bond (guaranteed by Swire Pacific Ltd) at CT7+105bps, tightening from initial guidance of CT7+125bps. The expected issue ratings are "NR/A3/NR". HSBC Holdings Plc has priced a EUR1.25bn perp NC12 AT 1 note issue at 4.75%, tightening from initial guidance of 5.125%. The expected issue ratings are 'NR/Baa3/BBB'. Shandong Yuhuang Chemical has scheduled investor meetings for the potential issuance of USD bonds from 27 Jun. Hindustan Petroleum Corp Ltd also plans to issue USD bonds.
- **Rating Changes:** S&P affirmed Japan-based general trading and investment company Marubeni Corp.'s (Marubeni) 'BBB' corporate credit and senior unsecured debt ratings. In addition, S&P

revised the company's rating outlook to stable from negative. S&P has revised the outlook on Power Construction Corp. of China (PCC) to negative from stable. At the same time, S&P has affirmed their 'BBB+' corporate credit rating. The rating action reflects S&P's expectation that PCC will continue to undertake substantial capital expenditure (capex) in investment projects in the general infrastructure sector and in power assets. Moody's downgraded FWD Limited's (FWD) issuer and senior unsecured debt ratings to 'Baa3' from 'Baa2'. The rating outlook for FWD is now stable following the downgrade. The rating action reflects Moody's view that the diversification benefits to holding company creditors gained through the contributions of dividends from its subsidiaries have become, and will remain, less evident relative to the Group's interest expenses.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.394	-1.06%	USD-SGD	1.3872	-0.06%
USD-JPY	112.350	0.44%	EUR-SGD	1.5732	1.35%
EUR-USD	1.1339	1.40%	JPY-SGD	1.2347	-0.49%
AUD-USD	0.7583	-0.03%	GBP-SGD	1.7776	0.65%
GBP-USD	1.2814	0.72%	AUD-SGD	1.0521	-0.09%
USD-MYR	4.2880	-0.03%	NZD-SGD	1.0084	-0.34%
USD-CNY	6.8126	-0.42%	CHF-SGD	1.4446	1.21%
USD-IDR	13300	-0.05%	SGD-MYR	3.0942	0.16%
USD-VND	22744	0.08%	SGD-CNY	4.9105	-0.41%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	1.1761	--
2M	-0.3410	--	1M	1.2221	--
3M	-0.3310	--	2M	1.2522	--
6M	-0.2730	--	3M	1.2948	--
9M	-0.2010	--	6M	1.4464	--
12M	-0.1610	--	12M	1.7346	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.17 (-0.02)	1.37 (+0.04)	-0.57 (+0.06)	-0.40 (+0.08)	-0.14 (+0.06)
5Y	1.44 (-0.02)	1.81 (+0.06)	-0.27 (+0.12)	-0.09 (+0.12)	0.82 (+0.14)
10Y	1.97 (-0.02)	2.21 (+0.07)	0.37 (+0.13)	0.73 (+0.14)	2.05 (+0.16)
15Y	2.17 (-0.01)	--	0.62 (+0.12)	1.09 (+0.13)	2.60 (+0.17)
20Y	2.25 (-0.01)	--	0.88 (+0.11)	1.39 (+0.12)	2.72 (+0.17)
30Y	2.32 (-0.02)	2.75 (+0.05)	1.15 (+0.11)	1.66 (+0.11)	3.18 (+0.16)

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	43.1%	0.4%	56.6%	37.7%	5.4%
31/01/2018	43.0%	0.5%	56.5%	37.6%	5.4%
21/03/2017	54.3%	0.4%	45.3%	41.4%	11.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	44.24	1.98%	Copper (per mt)	5,835.6	0.82%
Brent (per barrel)	46.65	1.79%	Nickel (per mt)	9,225.0	2.65%
Heating Oil (per gallon)	1.4137	2.43%	Aluminium (per mt)	1,875.0	1.16%
Gasoline (per gallon)	1.4598	1.47%			
Natural Gas (per MMBtu)	3.0370	0.33%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,589.0	--
			Rubber (JPY/KG)	194.8	0.10%
Precious Metals	Futures	% chg			
Gold (per oz)	1,246.4	0.01%			
Silver (per oz)	16.588	0.10%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,310.66	-98.89
S&P	2,419.38	-19.69
Nasdaq	6,146.62	-100.53
Nikkei 225	20,225.09	71.74
STI	3,219.53	10.06
KLCI	1,779.45	--
JCI	5,829.71	--
Baltic Dry	884.00	--
VIX	11.06	1.16

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.49	-0.36
EURIBOR-OIS	2.91	-0.02
TED	31.75	--

Government CDS (USD)

	5Y	% Change
Germany	15.117	0.61%
France	23.885	1.85%
Italy	146.846	2.10%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
06/27/2017	00:00	FR Total Jobseekers	May	--	3494.1k	3471.8k	--
06/27/2017	00:00	FR Jobseekers Net Change	May	--	22.3	-36.3	--
06/27/2017	05:00	SK Consumer Confidence	Jun	--	111.1	108	--
06/27/2017	06:45	NZ Trade Balance NZD	May	419m	103m	578m	536m
06/27/2017	06:45	NZ Exports NZD	May	4.93b	4.95b	4.75b	4.70b
06/27/2017	06:45	NZ Imports NZD	May	4.48b	4.85b	4.17b	4.16b
06/27/2017	06:45	NZ Trade Balance 12 Mth YTD NZD	May	-3398m	-3754m	-3481m	-3514m
06/27/2017	09:30	CH Industrial Profits YoY	May	--	16.70%	14.00%	--
06/27/2017	12:35	MU Unemployment Rate	May	--	2.00%	2.00%	--
06/27/2017	16:00	TA Monitoring Indicator	May	--	20	21	--
06/27/2017	16:00	IT Economic Sentiment	Jun	--	106.4	106.2	--
06/27/2017	16:00	IT Manufacturing Confidence	Jun	106.7	107.3	106.9	--
06/27/2017	16:00	IT Consumer Confidence Index	Jun	105.8	106.4	105.4	--
06/27/2017	16:20	TA Bounced Check Ratio	May	--	0.18%	0.22%	--
06/27/2017	18:00	UK CBI Retailing Reported Sales	Jun	5	12	2	--
06/27/2017	18:00	UK CBI Total Dist. Reported Sales	Jun	15	17	18	--
06/27/2017	21:00	US S&P CoreLogic CS 20-City MoM SA	Apr	0.50%	0.28%	0.87%	0.53%
06/27/2017	21:00	US S&P CoreLogic CS 20-City YoY NSA	Apr	5.90%	5.67%	5.89%	5.88%
06/27/2017	21:00	US S&P CoreLogic CS 20-City NSA Index	Apr	--	197.19	195.39	195.38
06/27/2017	21:00	US S&P CoreLogic CS US HPI YoY NSA	Apr	--	5.50%	5.75%	5.63%
06/27/2017	21:00	US S&P CoreLogic CS US HPI NSA Index	Apr	--	188.5	186.95	186.73
06/27/2017	22:00	US Conf. Board Consumer Confidence	Jun	116	118.9	117.9	117.6
06/27/2017	22:00	US Conf. Board Present Situation	Jun	--	146.3	140.7	140.6
06/27/2017	22:00	US Conf. Board Expectations	Jun	--	100.6	102.6	102.3
06/27/2017	22:00	US Richmond Fed Manufact. Index	Jun	5	7	1	--
06/28/2017	13:00	JN Small Business Confidence	Jun	49.2	--	48.9	--
06/28/2017	14:00	GE Import Price Index MoM	May	-0.60%	--	-0.10%	--
06/28/2017	14:00	GE Import Price Index YoY	May	4.60%	--	6.10%	--
06/28/2017	14:00	UK Nationwide House PX MoM	Jun	0.10%	--	-0.20%	--
06/28/2017	14:00	UK Nationwide House Px NSA YoY	Jun	1.90%	--	2.10%	--
06/28/2017	14:45	FR Consumer Confidence	Jun	103	--	102	--
06/28/2017	16:00	EC M3 Money Supply YoY	May	5.00%	--	4.90%	--
06/28/2017	17:00	IT CPI NIC incl. tobacco MoM	Jun P	0.10%	--	-0.20%	--
06/28/2017	17:00	IT CPI NIC incl. tobacco YoY	Jun P	1.40%	--	1.40%	--
06/28/2017	17:00	IT CPI EU Harmonized MoM	Jun P	0.00%	--	-0.20%	-0.10%
06/28/2017	17:00	IT CPI EU Harmonized YoY	Jun P	1.40%	--	1.60%	--
06/28/2017	18:00	IT PPI MoM	May	--	--	0.10%	--
06/28/2017	18:00	IT PPI YoY	May	--	--	4.40%	--
06/28/2017	19:00	US MBA Mortgage Applications	Jun-23	--	--	0.60%	--
06/28/2017	20:30	US Advance Goods Trade Balance	May	-\$66.0b	--	-\$67.6b	-\$67.1b
06/28/2017	20:30	US Wholesale Inventories MoM	May P	0.20%	--	-0.50%	--
06/28/2017	20:30	US Retail Inventories MoM	May	--	--	-0.30%	--
06/28/2017	22:00	US Pending Home Sales MoM	May	1.00%	--	-1.30%	--
06/28/2017	22:00	US Pending Home Sales NSA YoY	May	0.50%	--	-5.40%	--
06/19/2017	06/30	PH Budget Balance PHP	May	--	-33.4b	52.8b	--

Source: Bloomberg

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