

### Highlights

<b>Global</b>	<p>Risk appetite was weak as the Dow Jones posted its biggest one-week slide since March, given escalated trade war concerns between US and China. Note that the US announced on Friday that it would impose tariffs on \$50bn of Chinese imports, while as China responded that it will retaliate immediately. Specifically, Trump presented a list of more than 800 Chinese imports that would be subjected to a 25% tariff starting 6th July, while China is reported to have identified over 650 US products that will be subjected to a similar 25% tariffs, including soybeans, autos and seafood. The dollar surged in late last week, following the intensified trade tensions as well as FOMC's 25bps hike in its benchmark rate. Note that the US Treasury bond prices rose in tandem with the dollar strength, signalling that market-watchers are likely flocking to USTs for safety. The dollar strength also depressed commodity prices, broadly across energy, precious metals and base metals.</p> <p>In central bank news, the European Central Bank was surprisingly dovish despite stating its goal to end its bond purchase programme by end-2018. ECB said that rates will continue to stay at record lows at least until summer next year. Note that the ECB commented that there was an "undeniable increase in uncertainty" to-date, likely as a reference to the rising trade tensions between the US and many other countries. The central bank also downgraded its Eurozone growth forecast to 2.1% from 2.4%, while upgrading its inflation outlook to 1.7% from 1.4% in 2018, citing higher oil prices. The Bank of Japan was also static as widely expected, but what is surprising is Kuroda's lament that "although prices and wages are rising steadily in the US, they are not going up in Japan". He also added that "it is too early to talk about a process and methods of an exit strategy... and we have to continue ultra-loose monetary policy". Note that the central bank downgraded its inflation outlook, suggesting that achieving its inflation target of 2.0% will take more time than previously expected and any expectations of policy-normalisation will likely be pushed back for now.</p> <p>Note, China, Hong Kong and Taiwan are out for holiday today.</p>
<b>SI</b>	<p>NODX surprised higher in May, with grew 15.5% y/y versus market expectations of 3.0%. Overall growth was underpinned by non-electronic exports, following pharmaceutical exports (+32.1%) and petrochemicals (+14.8%). Electronic exports however disappointed with its 6th consecutive month of contraction (May: -7.8% y/y), led by parts of PCs (-37.5%), Diodes and Transistors (-19.0%) and PCs (-17.8%).</p> <p>Meanwhile, the STI fell for its third consecutive trading day (-1.05%) on Thursday, just before Friday's Hari Raya holiday. Losers included Genting Singapore (-4.7%), ComfortDelgro (-4.5%) and SPH (-3.3%), while gainers including Thai Beverage (+4.5%) and Golden Agri (+3.2%) cushioned overall losses. Risk appetite will likely stay weak into the trading day ahead following intensified trade concerns.</p>
<b>CMD</b>	<p>Commodity prices fell broadly on a dearer greenback seen since 14th June. Gold fell to its lowest print since Dec 2017, while silver declined 4.5% to \$16.5/oz. Into this week, watch closely for OPEC meeting on the 22nd June (Friday), where market-watchers will glean closely on production cues, as well as any hints if OPEC unity can still be seen despite the recent disagreement over oil production plans.</p>

## Major Market

- **US:** Equities fell as concerns over an impending trade war between the world's two largest economies took a toll on risk taking sentiment. The Dow Jones fell 0.34% while the S&P 500 and the Nasdaq composite declined 0.1% and 0.19%, respectively. With the mounting trade tensions, equities are likely to trade lower into the trading day ahead as US and China continue to fire salvos at each other. Despite the ongoing trade tensions, the VIX index fell to 11.98 as compared with Thursday's 12.12. Meanwhile, both the 2y and 10y US Treasury yield declined 1bp to settle lower at 2.547% and 2.921%, respectively on Friday.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Thursday, with swap rates for the shorter tenors trading 1-2bps lower while the longer tenors traded 2-3bps lower. Both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS traded little changed at 139bps and 451bps respectively. 10Y UST yields fell 5bps in the earlier part of the trading session to 2.88%, after the US imposed trade sanctions on China, raising fears that the trade wars could weigh on economic growth. 10Y UST however subsequently recovered 4bps to close at 2.92%.
- **New issues:** CFLD Cayman Investment Ltd has priced a USD200mn 3-year bond (guaranteed by China Fortune Land Development Co Ltd) at 9%. Greenland Global Investment Ltd has priced a USD250mn 3.25-year FRN (guaranteed by Greenland Holding Group Co Ltd) at 3mL+485bps, tightening from its initial price guidance of 3mL+500bps area. Korea Electric Power Corp has scheduled for investor meetings from 22-29 Jun for its potential USD green bond issuance. The Republic of Indonesia has scheduled for investor meetings from 19 Jun for its potential bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	94.788	-0.10%	<b>USD-SGD</b>	1.3510	0.45%
<b>USD-JPY</b>	110.660	0.03%	<b>EUR-SGD</b>	1.5693	0.87%
<b>EUR-USD</b>	1.1610	0.36%	<b>JPY-SGD</b>	1.2201	0.36%
<b>AUD-USD</b>	0.7442	-0.48%	<b>GBP-SGD</b>	1.7935	0.56%
<b>GBP-USD</b>	1.3278	0.12%	<b>AUD-SGD</b>	1.0054	-0.04%
<b>USD-MYR</b>	3.9848	--	<b>NZD-SGD</b>	0.9385	0.03%
<b>USD-CNY</b>	6.4387	0.58%	<b>CHF-SGD</b>	1.3548	0.42%
<b>USD-IDR</b>	13932	--	<b>SGD-MYR</b>	2.9584	-0.90%
<b>USD-VND</b>	22815	0.02%	<b>SGD-CNY</b>	4.7709	-0.22%

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,090.48	-84.83
<b>S&amp;P</b>	2,779.66	-2.83
<b>Nasdaq</b>	7,746.38	-14.66
<b>Nikkei 225</b>	22,851.75	113.14
<b>STI</b>	3,356.73	--
<b>KLCI</b>	1,761.78	--
<b>JCI</b>	5,993.63	--
<b>Baltic Dry</b>	1,445.00	12.00
<b>VIX</b>	11.98	-0.14

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	-0.0010	<b>O/N</b>	1.9256	-0.0100
<b>2M</b>	-0.3390	-0.0010	<b>1M</b>	2.0849	-0.0001
<b>3M</b>	-0.3210	--	<b>2M</b>	2.1518	--
<b>6M</b>	-0.2680	--	<b>3M</b>	2.3259	-0.0088
<b>9M</b>	-0.2140	-0.0020	<b>6M</b>	2.5038	0.0009
<b>12M</b>	-0.1830	-0.0020	<b>12M</b>	2.7722	0.0003

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.97 (-)	2.55 (-0.02)
<b>5Y</b>	2.30 (-)	2.80 (-0.01)
<b>10Y</b>	2.60 (-)	2.92 (-0.01)
<b>15Y</b>	2.86 (-)	--
<b>20Y</b>	2.90 (-)	--
<b>30Y</b>	2.96 (-)	3.05 (-0.01)

#### Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	16.5%	16.5%	0.0%	0.0%	0.0%
09/26/2018	84.5%	71.1%	13.5%	0.0%	0.0%
11/08/2018	85.4%	68.0%	16.6%	0.7%	0.0%
12/19/2018	93.9%	36.8%	46.7%	10.0%	0.4%
01/30/2019	94.4%	34.3%	45.9%	13.0%	1.2%
03/20/2019	97.4%	18.8%	39.6%	30.8%	7.6%

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	40.89	-0.53
<b>EURIBOR-OIS</b>	3.52	0.62
<b>TED</b>	40.85	-1.36

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.06	-2.74%	Copper (per mt)	6,932.4	-2.41%
Brent (per barrel)	73.44	-3.29%	Nickel (per mt)	15,107.5	-0.68%
Heating Oil (per gallon)	2.0870	-3.32%	Aluminium (per mt)	2,206.0	-2.55%
Gasoline (per gallon)	2.0232	-3.24%			
Natural Gas (per MMBtu)	3.0220	1.92%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,334.0	--
			Rubber (JPY/KG)	180.0	0.28%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,278.5	-2.28%			
Silver (per oz)	16.480	-4.53%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 12 Jun 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Silver	48,851	17,762	31,089	Corn	167,221	227,637	-60,416
Copper	67,602	44,933	22,669	Soybean	40,368	94,996	-54,628
Gold	115,460	107,245	8,215	Coffee	-41,640	-29,757	-11,883
Nymex Crude	635,594	628,185	7,409	RBOB Gasoline	87,119	95,333	-8,214
Live Cattle	27,824	21,223	6,601	Cocoa	42,671	50,691	-8,020
Lean Hogs	-3,330	-9,871	6,541	Heating Oil	33,063	37,276	-4,213
Palladium	13,446	11,602	1,844	Sugar	18,630	22,060	-3,430
Platinum	4,138	2,510	1,628	Cotton	123,757	127,052	-3,295
Wheat	23,162	22,345	817	Natural Gas	-62,887	-60,096	-2,791

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>06/15/2018 06:30</b>	<b>NZ BusinessNZ Manufacturing PMI</b>	<b>May</b>	<b>--</b>	<b>54.5</b>	<b>58.9</b>	<b>59.1</b>
<b>06/15/2018 07:00</b>	<b>SK Unemployment rate SA</b>	<b>May</b>	<b>3.70%</b>	<b>4.00%</b>	<b>3.80%</b>	<b>--</b>
06/15/2018 09:30	CH New Home Prices MoM	May	--	0.80%	0.57%	--
06/15/2018 10:41	JN BOJ Policy Balance Rate	Jun-15	-0.10%	-0.10%	-0.10%	--
06/15/2018 10:41	JN BOJ 10-Yr Yield Target	Jun-15	0.00%	0.00%	0.00%	--
06/15/2018 11:00	NZ Non Resident Bond Holdings	May	--	58.90%	59.80%	--
06/15/2018 14:00	GE Wholesale Price Index MoM	May	--	0.80%	0.50%	--
06/15/2018 14:00	EC EU27 New Car Registrations	May	--	0.80%	9.60%	--
<b>06/15/2018 15:30</b>	<b>TH Foreign Reserves</b>	<b>Jun-08</b>	<b>--</b>	<b>\$212.3b</b>	<b>\$212.1b</b>	<b>--</b>
06/15/2018 15:30	TH Forward Contracts	Jun-08	--	\$33.2b	\$33.2b	--
06/15/2018 16:00	IT Industrial Sales MoM	Apr	--	0.30%	0.80%	0.60%
06/15/2018 16:00	IT Industrial Orders MoM	Apr	--	-1.30%	0.50%	0.30%
06/15/2018 16:02	IN Trade Balance	May	\$14279.0	\$14618.4m	\$13716.8m	--
<b>06/15/2018 16:02</b>	<b>IN Exports YoY</b>	<b>May</b>	<b>--</b>	<b>20.20%</b>	<b>5.20%</b>	<b>--</b>
06/15/2018 16:02	IN Imports YoY	May	--	14.90%	4.60%	--
06/15/2018 16:30	IT General Government Debt	Apr	--	2311.7b	2302.3b	2302.4b
06/15/2018 17:00	EC Trade Balance SA	Apr	20.0b	18.1b	21.2b	19.8b
06/15/2018 17:00	EC CPI Core YoY	May F	1.10%	1.10%	1.10%	--
<b>06/15/2018 17:00</b>	<b>EC CPI YoY</b>	<b>May F</b>	<b>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>--</b>
06/15/2018 17:00	EC Labour Costs YoY	1Q	--	2.00%	1.50%	1.40%
<b>06/15/2018 17:00</b>	<b>IT CPI EU Harmonized YoY</b>	<b>May F</b>	<b>1.10%</b>	<b>1.00%</b>	<b>1.10%</b>	<b>--</b>
06/15/2018 17:00	IT CPI FOI Index Ex Tobacco	May	101.9	102	101.7	--
06/15/2018 20:30	CA Int'l Securities Transactions	Apr	--	9.13b	6.15b	6.40b
06/15/2018 20:30	CA Manufacturing Sales MoM	Apr	0.60%	-1.30%	1.40%	--
<b>06/15/2018 20:30</b>	<b>US Empire Manufacturing</b>	<b>Jun</b>	<b>18.8</b>	<b>25</b>	<b>20.1</b>	<b>--</b>
06/15/2018 21:00	CA Existing Home Sales MoM	May	-1.70%	-0.10%	-2.90%	--
<b>06/15/2018 21:15</b>	<b>US Industrial Production MoM</b>	<b>May</b>	<b>0.20%</b>	<b>-0.10%</b>	<b>0.70%</b>	<b>0.90%</b>
06/15/2018 21:15	US Manufacturing (SIC) Production	May	0.00%	-0.70%	0.50%	0.60%
06/15/2018 21:15	US Capacity Utilization	May	78.10%	77.90%	78.00%	78.10%
<b>06/15/2018 22:00</b>	<b>US U. of Mich. Sentiment</b>	<b>Jun P</b>	<b>98.5</b>	<b>99.3</b>	<b>98</b>	<b>--</b>
06/15/2018 22:00	US U. of Mich. Current Conditions	Jun P	--	117.9	111.8	--
06/15/2018 22:00	US U. of Mich. Expectations	Jun P	--	87.4	89.1	--
06/15/2018 22:00	US U. of Mich. 1 Yr Inflation	Jun P	--	2.90%	2.80%	--
06/15/2018 22:00	US U. of Mich. 5-10 Yr Inflation	Jun P	--	2.60%	2.50%	--
06/16/2018 04:00	US Total Net TIC Flows	Apr	--	\$138.7b	-\$38.5b	-\$43.6b
06/16/2018 04:00	US Net Long-term TIC Flows	Apr	--	\$93.9b	\$61.8b	--
06/18/2018 06:30	NZ Performance Services Index	May	--	57.3	55.9	56.4
06/18/2018 07:01	UK Rightmove House Prices MoM	Jun	--	0.40%	0.80%	--
06/18/2018 07:50	JN Trade Balance	May	¥205.2b	--	¥626.0b	¥624.6b
06/18/2018 07:50	JN Trade Balance Adjusted	May	¥144.1b	--	¥550.0b	--
06/18/2018 07:50	JN Exports YoY	May	7.50%	--	7.80%	--
06/18/2018 07:50	JN Imports YoY	May	8.00%	--	5.90%	--
06/18/2018 08:30	SI Non-oil Domestic Exports SA MoM	May	--	--	6.50%	--
06/18/2018 08:30	SI Electronic Exports YoY	May	--	--	-6.90%	--
<b>06/18/2018 08:30</b>	<b>SI Non-oil Domestic Exports YoY</b>	<b>May</b>	<b>3.00%</b>	<b>--</b>	<b>11.80%</b>	<b>--</b>
06/18/2018 16:00	IT Trade Balance Total	Apr	--	--	4531m	--
06/18/2018 16:00	IT Trade Balance EU	Apr	--	--	698m	--
06/18/2018 22:00	CA Bloomberg Nanos Confidence	Jun-15	--	--	57.3	--
06/18/2018 22:00	US NAHB Housing Market Index	Jun	70	--	70	--
06/18/2018	PH Overseas Workers Remittances	Apr	\$2280m	--	\$2360m	--
<b>06/18/2018</b>	<b>PH Overseas Remittances YoY</b>	<b>Apr</b>	<b>10.60%</b>	<b>--</b>	<b>-9.80%</b>	<b>--</b>
06/13/2018 06/21	ID Motorcycle Sales	May	--	--	580921	--
06/13/2018 06/21	ID Local Auto Sales	May	--	--	102256	--

Source: Bloomberg

<b>OCBC Treasury Research</b>	
<p><b>Macro Research</b></p> <p><b>Selena Ling</b> LingSSSelena@ocbc.com</p> <p><b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com</p> <p><b>Tommy Xie Dongming</b> XieD@ocbc.com</p> <p><b>Barnabas Gan</b> BarnabasGan@ocbc.com</p> <p><b>Terence Wu</b> TerenceWu@ocbc.com</p> <p><b>Alan Lau</b> AlanLau@ocbc.com</p>	<p><b>Credit Research</b></p> <p><b>Andrew Wong</b> WongVKAM@ocbc.com</p> <p><b>Ezien Hoo</b> EzienHoo@ocbc.com</p> <p><b>Wong Hong Wei</b> WongHongWei@ocbc.com</p>

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