

### Highlights

<b>Global</b>	<p>Some risk aversion was taken off the table, seen from the relatively higher Wall Street led by S&amp;P and Nasdaq. Some updates from the ECB forum in Sintra, note that Fed Chairman Powell said that falling unemployment and the stronger inflation pressures seen to-date does support additional interest rate hikes, with the DXY index gaining another 0.27% to clock its highest in almost a year. ECB president Draghi reiterated the central bank's goal to keep rates unchanged at least through the summer of 2019, and to "take a gradual approach in adjusting policy thereafter", while emphasising that the bond-buying programme will cease in 2018. In a nutshell, the tone was towards a more cautionary one, with the central bank governors highlighting that a trade war development is already weighing on business confidence and could force policy-makers to downgrade their economic outlook. In the UK, Prime Minister May reportedly won a Brexit vote in Parliament yesterday, in which May commented that it to be a crucial step in delivering a "smooth" Brexit. The GBP gained at the onset of the news, but its rally was short-lived. Into today, we may continue to see further consolidation in risk appetite, following muted openings seen in Japan and HK equity futures.</p> <p>Calendar-wise for today, look out for BOE central bank meeting, Taiwan's central bank meeting, US initial jobless claims, European consumer confidence and Thailand trade data.</p>
<b>SI</b>	<p>MAS will re-open \$1.5b of 20-year SGS bonds maturing on 1 August 2036, with MAS taking \$100m. The auction will close at noon of 27 June and be issued on 2 July. The last 20-year SGS bond auction was back in May 2017 with only \$800m and fetched a bid-cover ratio of 2.16x and a cut-off yield of 2.39%. There is a \$6.8b maturity of the 15-year SGS bond maturing on 1 September.</p>
<b>CN</b>	<p>In its regular cabinet meeting, China's State Council announced more supporting measures to alleviate funding stress for SMEs including the targeted reserve requirement ratio cut. This suggests that a RRR cut may be imminent in the coming weeks, which could be supportive of market sentiment.</p>
<b>TH</b>	<p>The Bank of Thailand has kept its policy rate unchanged at 1.50% in its latest MPC meeting, though a sole dissenter which favoured a rate hike cited that "economic expansion was sufficiently robust" while prolonged monetary accommodation may result in financial imbalances. The central bank upgraded its 2018 and 2019 growth outlook to 4.4% (up from 4.1%) and 4.2% (up from 4.1%), respectively. Inflation outlook is also upgraded to 1.1% and 1.2% into 2018 and 2019, respectively.</p>
<b>CMD</b>	<p>The dollar strength seen overnight, which rose to its highest in almost a year, continue to drag dollar-denominated commodity prices. Gold in particular fell further (-0.32%) to \$1,274.5/oz, leading other precious metals including silver and palladium lower. Elsewhere in the energy sector, note that Iran oil minister's surprisingly optimistic tone, citing his confidence about the outcome of the OPEC meeting leaves market-watchers in question on his view over production trends into 2H18. Anonymous sources cited that Saudi Arabia will likely propose an increase of 600,000 barrels per day of oil production into 2H18, which is significantly minute versus the 2.8 million barrels a day of cut that has been implemented since 2016.</p>

## Major Market

- **Wall Street:** Equities ended mostly up amid lingering trade war fears as concerns over the escalating trade tensions sparked a recent global sell-off. The Dow fell 0.17% while the S&P 500 added 0.17%. Meanwhile, the Nasdaq composite added 0.72% to touch a record high of 7,781.52. VIX settled lower at 12.79 on Wednesday, compared with 13.35 previously. Comments by Fed's Powell at the Sintra forum reiterating that the central bank should continue with a gradual pace of interest rate hikes saw US Treasury yields up. The 2y yield gained 2bps to close up at 2.566% while the 10y yield gained 4bps to end firmer at 2.939%.
- **Singapore:** COE premiums continue to trend lower across most categories, with Cat C premiums rising \$2,099 to \$32,001, while the rest (Cat A: -\$2,316, Cat B: -\$2,100, and Cat E: -\$2,600) fell.
- Meanwhile, the STI recouped 0.44% to close higher at 3315.910 yesterday, but early morning weakness for Nikkei and Kospi suggest that the recovery may not be smooth-sailing even though the S&P500 ended a 3-day selling streak. STI's resistance and support are tipped at 3340 and 3300 respectively. With the ebbing of risk aversion, UST bond yields drifted higher by 2-4bps with the yield curve steepening as longer-dated bonds sold off the most. SGS bonds are likely to follow suit and see the yield curve steepening further today, especially with \$1.5b of the 20-year SGS re-opening coming up on the 27 June.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 2-4bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 141bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 459bps. 10Y UST yields rose 4bps to 2.94% after Fed Chairman Jerome Powell said that the Fed should continue with a gradual pace of interest rate increases given that the labour market does not seem to be overly tight.
- **New Issues:** GS Caltex Corp has priced a USD300mn 5-year bond at CT5+120bps, tightening from its initial price guidance of CT5+150bps area. Guangsha Holding Group Co Ltd has priced a USD300mn 364-day bond at 7%. Zhenro Properties Group Ltd held investor meetings on 20 Jun for its potential USD 2-year bond issuance. Hongkong Baorong Development Ltd has scheduled for investor meetings on 21 Jun for its potential USD bond issuance (guaranteed by Tianjin Free Trade Zone Investment Holding Group Co Ltd). Shinhan Financial Group Co Ltd has hired banks from 25 Jun for its potential USD AT1 bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.124	0.12%	<b>USD-SGD</b>	1.3587	0.13%
<b>USD-JPY</b>	110.360	0.27%	<b>EUR-SGD</b>	1.5723	-0.03%
<b>EUR-USD</b>	1.1572	-0.16%	<b>JPY-SGD</b>	1.2312	-0.13%
<b>AUD-USD</b>	0.7368	-0.18%	<b>GBP-SGD</b>	1.7895	0.10%
<b>GBP-USD</b>	1.3172	-0.02%	<b>AUD-SGD</b>	1.0010	-0.05%
<b>USD-MYR</b>	4.0055	0.07%	<b>NZD-SGD</b>	0.9335	-0.32%
<b>USD-CNY</b>	6.4738	-0.18%	<b>CHF-SGD</b>	1.3639	0.04%
<b>USD-IDR</b>	13932	--	<b>SGD-MYR</b>	2.9484	0.05%
<b>USD-VND</b>	22864	0.13%	<b>SGD-CNY</b>	4.7664	-0.17%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	--	<b>O/N</b>	1.9289	--
<b>2M</b>	-0.3380	--	<b>1M</b>	2.0879	--
<b>3M</b>	-0.3230	--	<b>2M</b>	2.1543	--
<b>6M</b>	-0.2680	--	<b>3M</b>	2.3303	--
<b>9M</b>	-0.2140	--	<b>6M</b>	2.4950	--
<b>12M</b>	-0.1810	--	<b>12M</b>	2.7625	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	22.7%	22.7%	0.0%	0.0%	0.0%
09/26/2018	82.4%	64.9%	17.6%	0.0%	0.0%
11/08/2018	83.4%	62.3%	20.1%	1.0%	0.0%
12/19/2018	92.8%	36.5%	44.0%	11.8%	0.5%
01/30/2019	93.6%	32.9%	43.1%	15.7%	1.9%
03/20/2019	96.7%	20.2%	38.2%	28.8%	8.5%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	66.22	1.77%	Copper (per mt)	6,750.5	-0.26%
Brent (per barrel)	74.74	-0.45%	Nickel (per mt)	14,921.0	2.23%
Heating Oil (per gallon)	2.1071	-0.69%	Aluminium (per mt)	2,182.5	-0.22%
Gasoline (per gallon)	2.0235	-0.71%			
Natural Gas (per MMBtu)	2.9640	2.21%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,262.0	-0.04%
			Rubber (JPY/KG)	176.0	1.32%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,274.5	-0.32%			
Silver (per oz)	16.309	-0.09%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,657.80	-42.41
<b>S&amp;P</b>	2,767.32	4.73
<b>Nasdaq</b>	7,781.52	55.93
<b>Nikkei 225</b>	22,555.43	276.95
<b>STI</b>	3,315.90	14.55
<b>KLCI</b>	1,709.75	-5.61
<b>JCI</b>	5,884.04	-109.59
<b>Baltic Dry</b>	1,419.00	--
<b>VIX</b>	12.79	-0.56

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.96 (-)	2.57 (+0.02)
<b>5Y</b>	2.27 (+0.01)	2.81 (+0.04)
<b>10Y</b>	2.54 (+0.01)	2.94 (+0.04)
<b>15Y</b>	2.80 (+0.02)	--
<b>20Y</b>	2.85 (+0.02)	--
<b>30Y</b>	2.91 (+0.02)	3.08 (+0.05)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	41.53	0.53
<b>EURIBOR-OIS</b>	3.30	-0.11
<b>TED</b>	42.01	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
06/20/2018 06:00	NZ Westpac Consumer Confidence	2Q	--	108.6	111.2	--
06/20/2018 06:45	NZ BoP Current Account Balance NZD	1Q	0.050b	0.182b	-2.770b	-2.745b
06/20/2018 06:45	NZ Current Account GDP Ratio YTD	1Q	-2.80%	-2.80%	-2.70%	--
<b>06/20/2018 08:30</b>	<b>AU Westpac Leading Index MoM</b>	<b>May</b>	<b>--</b>	<b>-0.22%</b>	<b>0.19%</b>	<b>0.23%</b>
<b>06/20/2018 12:00</b>	<b>MA CPI YoY</b>	<b>May</b>	<b>1.80%</b>	<b>1.80%</b>	<b>1.40%</b>	<b>--</b>
06/20/2018 14:00	GE PPI MoM	May	0.40%	0.50%	0.50%	--
06/20/2018 15:00	JN Convenience Store Sales YoY	May	--	-1.20%	0.70%	--
<b>06/20/2018 15:05</b>	<b>TH BoT Benchmark Interest Rate</b>	<b>Jun-20</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>--</b>
06/20/2018 16:00	SI Automobile COE Open Bid Cat A	Jun-20	--	34110	36426	--
06/20/2018 16:00	SI Automobile COE Open Bid Cat B	Jun-20	--	33900	36000	--
06/20/2018 16:00	SI Automobile COE Open Bid Cat E	Jun-20	--	34400	37000	--
<b>06/20/2018 16:00</b>	<b>PH BSP Overnight Borrowing Rate</b>	<b>Jun-20</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.25%</b>	<b>--</b>
06/20/2018 16:28	HK Composite Interest Rate	May	--	0.46%	0.40%	--
<b>06/20/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Jun-15</b>	<b>--</b>	<b>5.10%</b>	<b>-1.50%</b>	<b>--</b>
06/20/2018 20:30	US Current Account Balance	1Q	-\$129.0b	-\$124.1b	-\$128.2b	-\$116.1b
<b>06/20/2018 22:00</b>	<b>US Existing Home Sales</b>	<b>May</b>	<b>5.52m</b>	<b>5.43m</b>	<b>5.46m</b>	<b>5.45m</b>
06/21/2018 05:00	SK PPI YoY	May	--	2.20%	1.60%	--
<b>06/21/2018 06:45</b>	<b>NZ GDP SA QoQ</b>	<b>1Q</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.60%</b>	<b>--</b>
06/21/2018 06:45	NZ GDP YoY	1Q	2.70%	2.70%	2.90%	--
06/21/2018 07:50	JN Japan Buying Foreign Bonds	Jun-15	--	--	¥488.5b	--
06/21/2018 07:50	JN Japan Buying Foreign Stocks	Jun-15	--	--	¥20.7b	--
06/21/2018 07:50	JN Foreign Buying Japan Bonds	Jun-15	--	--	¥270.1b	--
06/21/2018 07:50	JN Foreign Buying Japan Stocks	Jun-15	--	--	¥108.5b	--
06/21/2018 09:30	AU RBA FX Transactions Market	May	--	--	A\$538m	--
06/21/2018 11:30	TH Customs Imports YoY	May	15.35%	--	20.36%	--
<b>06/21/2018 11:30</b>	<b>TH Customs Exports YoY</b>	<b>May</b>	<b>9.90%</b>	<b>--</b>	<b>12.34%</b>	<b>--</b>
06/21/2018 11:30	TH Customs Trade Balance	May	-\$88m	--	-\$1283m	--
06/21/2018 13:00	JN Supermarket Sales YoY	May	--	--	-1.20%	--
06/21/2018 14:00	JN Machine Tool Orders YoY	May F	--	--	14.90%	--
<b>06/21/2018 14:45</b>	<b>FR Manufacturing Confidence</b>	<b>Jun</b>	<b>108</b>	<b>--</b>	<b>109</b>	<b>--</b>
06/21/2018 14:45	FR Production Outlook Indicator	Jun	16	--	15	--
06/21/2018 14:45	FR Own-Company Production Outlook	Jun	--	--	17	--
06/21/2018 15:00	MA Foreign Reserves	Jun-14	--	--	\$108.5b	--
<b>06/21/2018 16:00</b>	<b>TA Export Orders YoY</b>	<b>May</b>	<b>8.60%</b>	<b>--</b>	<b>9.80%</b>	<b>--</b>
06/21/2018 16:30	UK Public Finances (PSNCR)	May	--	--	-9.7b	--
06/21/2018 16:30	UK Public Sector Net Borrowing	May	4.9b	--	6.2b	--
06/21/2018 16:30	UK PSNB ex Banking Groups	May	6.3b	--	7.8b	--
<b>06/21/2018 16:30</b>	<b>HK CPI Composite YoY</b>	<b>May</b>	<b>2.10%</b>	<b>--</b>	<b>1.90%</b>	<b>--</b>
<b>06/21/2018 19:00</b>	<b>UK Bank of England Bank Rate</b>	<b>Jun-21</b>	<b>0.50%</b>	<b>--</b>	<b>0.50%</b>	<b>--</b>
06/21/2018 19:00	UK BOE Asset Purchase Target	Jun	435b	--	435b	--
06/21/2018 20:30	CA Wholesale Trade Sales MoM	Apr	0.30%	--	1.10%	--
<b>06/21/2018 20:30</b>	<b>US Initial Jobless Claims</b>	<b>Jun-16</b>	<b>220k</b>	<b>--</b>	<b>218k</b>	<b>--</b>
06/21/2018 20:30	US Continuing Claims	Jun-09	1710k	--	1697k	--
<b>06/21/2018 20:30</b>	<b>US Philadelphia Fed Business Outlook</b>	<b>Jun</b>	<b>29</b>	<b>--</b>	<b>34.4</b>	<b>--</b>
06/21/2018 21:00	US FHFA House Price Index MoM	Apr	0.50%	--	0.10%	--
<b>06/21/2018 22:00</b>	<b>US Leading Index</b>	<b>May</b>	<b>0.40%</b>	<b>--</b>	<b>0.40%</b>	<b>--</b>
<b>06/21/2018 22:00</b>	<b>EC Consumer Confidence</b>	<b>Jun A</b>	<b>0</b>	<b>--</b>	<b>0.2</b>	<b>--</b>
<b>06/21/2018</b>	<b>TA CBC Benchmark Interest Rate</b>	<b>Jun-21</b>	<b>1.38%</b>	<b>--</b>	<b>1.38%</b>	<b>--</b>
06/21/2018	MU CPI Composite YoY	May	--	--	2.88%	--

Source: Bloomberg

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