

Highlights

Global	<p>S&P500 slipped overnight, dragged down by tech shares (Facebook was the key laggard losing more than US\$120bn in market value), despite gains in media and telecom shares. After market close, Amazon reported better-than-expected 2Q earnings and guidance. Meanwhile, Qualcomm rose after scraping its bid for NXP following what its CEO called an “absolutely political” move by China to not approve its bid, and Twitter also came under fire from Trump’s tweet that “Twitter ‘shadow banning’ prominent Republicans”. Over in the Eurozone, the ECB left its policy settings static, and continues to telegraph that the asset purchase program will run at EUR15bn till December before ending, and the first rate hike will only come “through the summer of 2019”. ECB’s Draghi opined that it’s too early to assess the actual content of the recent EU-US trade truce, and reiterated the intention to reinvest the principal payments from maturing securities purchased under the APP for an extended period of time after the end of its net asset purchases, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation. With Draghi still singing the same tune on “prudence, patience and persistence”, market attention now switches to the BOJ next week where speculation is revolving around some form of yield curve tweak.</p> <p>Asian markets may tread water this morning, awaiting US’ 2Q GDP growth estimates (where a 4.2% qoq annualised print is eyed). Other economic data prints due today include S’pore’s 2Q18 unemployment rate (our forecast is unchanged at 2%) and France’s 2Q GDP growth. ECB’s professional forecasters survey is also due.</p>
US	<p>US’ durable goods orders rebounded 1.0% in June, breaking a two month slide, as aircraft orders picked up. Excluding transportation, orders accelerated from 0.3% to 0.4%. Meanwhile, initial jobless claims rose 9k to 217k, while wholesale inventories were flat mom in June.</p>
SG	<p>Industrial production rose more than expected by 7.4% yoy (3.9% mom sa) in June, beating our forecast of 3.3% yoy (0.3% mom sa). However, this was still a moderation from the May print which was also revised up to 12.9% yoy (0.3% mom sa). Electronics output rose 7.1% yoy (slower than May’s 18.7% yoy), whereas the biomedical cluster output surged 13.8% (lifted by pharmaceuticals output at 17.4% yoy).</p>
TH	<p>The Finance Ministry upgraded Thailand’s full-year GDP outlook to 4.5% in 2018, up from a previous 4.2% outlook made earlier in April. The new forecast is also higher than the 4.4% outlook made by the Bank of Thailand last week. Export growth is also projected to be at 9.7%, higher than its April outlook of 8.0%, while policy-makers adjust their THB outlook to an average of 32.25 per USD, up from 31.50 seen in the previous release.</p>
CMD	<p>Further dollar strength seen overnight kept precious metal prices weak, though other growth-related commodities including energy and base metals rallied. WTI is now a trending just below its coveted \$70/bbl handle, just as investors’ concerns mount on news that Saudi Arabia ceased its oil exports via the Bab el-Mandeb Strait. Total OPEC oil shipments are also expected to decline to 24.5 million bpd in the four weeks leading to 11th Aug as well as projected by tanker-tracker Oil Movements.</p>

Major Market

- **US:** Wall Street ended mixed on Thursday on varied earnings, with Facebook posting its largest single-day loss, wiping US\$120bn of market value. The S&P500 and Nasdaq composite declined by 0.30% and 1.01%, respectively. The Dow rose 0.44% to 25,527.07 with gains in industrial stocks on the back of eased trade tensions. The VIX fell to 12.14 on Thursday, as compared to 12.29 on Wednesday. On the Treasury front, the 2y yield gained 1.2bps to 2.682%, while the 10y yield rose 0.2bp to 2.976%.
- **Singapore:** The STI closed nearly flat (+0.05%) at 3228.60 yesterday, and may range trade between 3320-3260 today amid mixed cues from Wall Street, albeit Nikkei and Kospi are opening firmer this morning. Although the UST bond yield curve flattened overnight, the SGS bond market may await the auction results of the 7-year SGS re-opening later today.
- **Malaysia:** Chief Statistician of Malaysia Datuk Seri Dr Mohd Uzir Mahidin announced that Malaysia's GDP in 2017 at current prices was valued at RM1.353 trillion, up 9.9% from the RM1.231 trillion registered in 2016.
- **Hong Kong:** Exports and imports grew at a much slower pace by 3.3% and 4.4% respectively in June, due to a high base effect. Also, it is possible that trade activities halted ahead of China's reduction of tariff on some Asian countries effective 1 July. As a result, the growth of exports to Mainland China decelerated from 18.4% yoy to 1.2% yoy while that of imports from Mainland China moderated from 19.2% yoy to 2.9% yoy. However, June's numbers have not yet reflected the impact of US-China trade war which officially started in early July. Imports from the US registered double-digit growth (+10.3% yoy) for the third consecutive month. With the US and China imposing new tariff on each other effective 6 July, we expect HK's trading activities to remain sluggish with imports and exports to see single-digit growth in the coming months. Lately, the EU and the US reached an agreement and eased the trade tensions between the two regions. This could further cloud the outlook of the trade sectors of both China and HK.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear steepened yesterday, with the short end to belly of the curve trading 1-2bps higher while the longer end traded 2-4bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 138bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 20bps to 572bps. 10Y UST yields rose 1bps to 2.98% as reports of a US-EU trade agreement and stabilizing equity markets mitigated earlier weakness in NASDAQ futures from Facebook's post earnings share slump.
- **New Issues:** Trade Horizon Global Ltd (JUDA) has priced a USD400mn 3-year FRN (guaranteed by Beijing Capital Grand Ltd) at 3mL+257.5bps, tightening from its initial price guidance of 3mL+285bps. China Aoyuan Property Group Ltd has priced a USD175mn retap (guaranteed by Certain non-PRC subsidiaries of issuer) of its CAPG 6.35%'20s at 98.516 to yield 7.45% plus accrued interest, tightening from its initial guidance of ~7.7%. Industrial Bank of Korea has priced a USD500mn 3-year bond at 3mL+60bps, tightening from its initial price guidance of 3mL+85bps. SK Broadband is scheduled to meet investors from July 30 for a potential USD bond issue.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.785	0.59%	USD-SGD	1.3637	0.39%
USD-JPY	111.230	0.23%	EUR-SGD	1.5877	-0.35%
EUR-USD	1.1643	-0.73%	JPY-SGD	1.2261	0.16%
AUD-USD	0.7377	-1.05%	GBP-SGD	1.7877	-0.22%
GBP-USD	1.3109	-0.61%	AUD-SGD	1.0059	-0.66%
USD-MYR	4.0610	0.14%	NZD-SGD	0.9254	-0.36%
USD-CNY	6.7927	0.34%	CHF-SGD	1.3717	0.18%
USD-IDR	14463	-0.08%	SGD-MYR	2.9833	0.13%
USD-VND	23180	-0.02%	SGD-CNY	4.9838	0.31%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.9149	--
2M	-0.3370	--	1M	2.0769	--
3M	-0.3210	--	2M	2.1740	--
6M	-0.2690	--	3M	2.3369	--
9M	-0.2170	--	6M	2.5225	--
12M	-17.9%	--	12M	280.8%	--

Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	18.6%	18.6%	0.0%	0.0%	0.0%
09/26/2018	93.0%	76.0%	17.0%	0.0%	0.0%
11/08/2018	93.4%	72.2%	20.2%	0.9%	0.0%
12/19/2018	97.8%	28.6%	54.8%	13.8%	0.6%
01/30/2019	98.0%	25.9%	52.2%	17.9%	1.9%
03/20/2019	99.2%	12.0%	37.0%	37.8%	11.2%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.61	0.45%	Coffee (per lb)	1.096	-1.31%
Brent (per barrel)	74.54	0.83%	Cotton (per lb)	0.8823	0.30%
Heating Oil (per gallon)	2.1769	1.19%	Sugar (per lb)	0.1103	-1.43%
Gasoline (per gallon)	2.1623	1.85%	Orange Juice (per lb)	1.6390	-0.52%
Natural Gas (per MMBtu)	2.7800	0.18%	Cocoa (per mt)	2,315	3.12%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,212.6	0.02%	Wheat (per bushel)	5.3650	-1.15%
Nickel (per mt)	13,698.5	0.69%	Soybean (per bushel)	8.760	0.03%
Aluminium (per mt)	2,053.0	0.27%	Corn (per bushel)	3.7575	0.67%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,235.3	-0.46%	Crude Palm Oil (MYR/MT)	2,202.0	1.80%
Silver (per oz)	15.495	-0.60%	Rubber (JPY/KG)	167.5	-0.53%

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

Equity and Commodity

Index	Value	Net change
DJIA	25,527.07	112.97
S&P	2,837.44	-8.63
Nasdaq	7,852.19	-80.05
Nikkei 225	22,586.87	-27.38
STI	3,328.60	1.77
KLCI	1,766.23	2.45
JCI	5,946.14	12.25
Baltic Dry	1,772.00	--
VIX	12.14	-0.15

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.86 (+0.01)	2.68 (+0.01)
5Y	2.14 (--)	2.86 (+0.01)
10Y	2.42 (+0.01)	2.98 (--)
15Y	2.72 (-0.01)	--
20Y	2.76 (-0.01)	--
30Y	2.85 (--)	3.10 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.13	-0.32
EURIBOR-OIS	3.95	0.02
TED	35.00	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
07/26/2018 07:00	SK GDP SA QoQ	2Q P	0.70%	0.70%	1.00%	–
07/26/2018 07:00	SK GDP YoY	2Q P	2.90%	2.90%	2.80%	–
07/26/2018 07:50	JN Japan Buying Foreign Bonds	Jul-20	--	¥209.2b	¥5.6b	¥8.2b
07/26/2018 07:50	JN Foreign Buying Japan Stocks	Jul-20	--	¥173.5b	¥601.4b	¥601.9b
07/26/2018 07:50	JN Foreign Buying Japan Bonds	Jul-20	--	¥69.2b	¥653.6b	--
07/26/2018 07:50	JN Japan Buying Foreign Stocks	Jul-20	--	¥151.9b	¥273.0b	¥272.9b
07/26/2018 08:50	JN PPI Services YoY	Jun	1.00%	1.20%	1.00%	--
07/26/2018 09:30	AU Import Price Index QoQ	2Q	1.90%	3.20%	2.10%	2.00%
07/26/2018 13:00	SI Industrial Production YoY	Jun	3.30%	7.40%	11.10%	12.90%
07/26/2018 13:00	SI Industrial Production SA MoM	Jun	2.20%	3.90%	0.40%	0.30%
07/26/2018 14:00	GE GfK Consumer Confidence	Aug	10.7	10.6	10.7	--
07/26/2018 14:45	FR Consumer Confidence	Jul	98	97	97	–
07/26/2018 15:30	TH Foreign Reserves	Jul-20	–	\$204.9b	\$205.9b	–
07/26/2018 16:00	IT Manufacturing Confidence	Jul	106.5	106.9	106.9	–
07/26/2018 16:00	IT Consumer Confidence Index	Jul	116	116.3	116.2	–
07/26/2018 16:00	IT Economic Sentiment	Jul	--	105.4	105.4	105.5
07/26/2018 16:30	HK Exports YoY	Jun	7.90%	3.30%	15.90%	–
07/26/2018 16:30	HK Imports YoY	Jun	8.20%	4.40%	16.50%	--
07/26/2018 16:30	HK Trade Balance HKD	Jun	-52.0b	-54.1b	-43.2b	--
07/26/2018 19:45	EC ECB Main Refinancing Rate	Jul-26	0.00%	0.00%	0.00%	–
07/26/2018 19:45	EC ECB Marginal Lending Facility	Jul-26	0.25%	0.25%	0.25%	–
07/26/2018 19:45	EC ECB Deposit Facility Rate	Jul-26	-0.40%	-0.40%	-0.40%	–
07/26/2018 20:30	US Wholesale Inventories MoM	Jun P	0.30%	0.00%	0.60%	0.40%
07/26/2018 20:30	US Initial Jobless Claims	Jul-21	215k	217k	207k	208k
07/26/2018 20:30	US Continuing Claims	Jul-14	1733k	1745k	1751k	1753k
07/26/2018 20:30	US Durable Goods Orders	Jun P	3.00%	1.00%	-0.40%	-0.30%
07/26/2018 20:30	US Durables Ex Transportation	Jun P	0.50%	0.40%	0.00%	0.30%
07/26/2018 20:30	US Cap Goods Orders Nondef Ex Air	Jun P	0.50%	0.60%	0.30%	0.70%
07/26/2018 20:30	US Cap Goods Ship Nondef Ex Air	Jun P	0.40%	1.00%	0.20%	--
07/26/2018 21:45	US Bloomberg Consumer Comfort	Jul-22	--	59	58.8	--
07/27/2018 07:30	JN Tokyo CPI YoY	Jul	0.70%	0.90%	0.60%	--
07/27/2018 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Jul	0.70%	0.80%	0.70%	–
07/27/2018 09:30	AU PPI QoQ	2Q	--	--	0.50%	--
07/27/2018 09:30	AU PPI YoY	2Q	--	--	1.70%	--
07/27/2018 10:30	SI Unemployment rate SA	2Q	2.00%	--	2.00%	--
07/27/2018 13:30	FR GDP QoQ	2Q A	0.30%	--	0.20%	–
07/27/2018 13:30	FR GDP YoY	2Q A	1.90%	--	2.20%	–
07/27/2018 14:00	GE Import Price Index MoM	Jun	0.30%	--	1.60%	--
07/27/2018 14:00	GE Import Price Index YoY	Jun	4.50%	--	3.20%	--
07/27/2018 16:00	IT PPI MoM	Jun	--	--	1.00%	--
07/27/2018 16:00	IT PPI YoY	Jun	--	--	2.70%	--
07/27/2018 20:30	US GDP Annualized QoQ	2Q A	4.20%	--	2.00%	–
07/27/2018 20:30	US Personal Consumption	2Q A	3.00%	--	0.90%	--
07/27/2018 20:30	US GDP Price Index	2Q A	2.30%	--	2.20%	–
07/27/2018 20:30	US Core PCE QoQ	2Q A	2.20%	--	2.30%	--
07/27/2018 22:00	US U. of Mich. Sentiment	Jul F	97.1	--	97.1	–
07/27/2018	MU Unemployment Rate	Jun	--	--	1.80%	–
07/26/2018 20:30	US Durables Ex Transportation	Jun P	0.50%	--	0.00%	--
07/26/2018 20:30	US Cap Goods Orders Nondef Ex Air	Jun P	0.50%	--	0.30%	--
07/26/2018 20:30	US Cap Goods Ship Nondef Ex Air	Jun P	0.40%	--	0.20%	--
07/26/2018 21:45	US Bloomberg Consumer Comfort	Jul-22	--	--	58.8	--

Source: Bloomberg

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