

Highlights

Global	<p>US stocks edged up slightly last night although the DXY was little changed as markets await the outcome of the FOMC this Wednesday. At this point, whilst the Fed may not go all the way to directly indicate an easing in 2019, we believe they may still want to keep their options open by dropping language such as “patience” and instead point to the need to closely monitor inflation and global economic developments. On the trade war front, in the first day of hearing at the USTR regarding the additional tariff on the remaining US\$300 billion Chinese imports, it was reported that a wide range of US companies voiced their concerns that they are not able to find alternative sources to replace Chinese products. Meanwhile, China cut its US Treasury holdings to the lowest in almost two years at US\$1.11tb for April although this data came before the collapse in trade talks and the increase in tariffs. On the UK front, the Conservative Party gears up for the next round of voting in the leadership race as the contenders took part in a televised debate with Boris Johnson notably absent. Asian markets are likely to see a cautious start today as they similar await the FOMC outcome tomorrow. Key data releases to watch out for include the RBA minutes, US building permits, EU May CPI, Australian 1Q housing prices, China May new home prices and June ZEW survey.</p>
US	<p>The New York Fed Empire State business condition index entered negative territory in June at -8.6 for the first time since October 2016. The main index itself fell by 26.4 points with the new orders index in particular falling by 21.7 points whilst shipments fell by 6.6 points and inventories sank into negative territory. The index certainly raises some caution and naturally feeds into increasing forward looking concerns regarding the US economy even after the positive data last week.</p>
CN	<p>The last stage of differentiated reserve requirement ratio cut took effect from this week, unfreezing about CNY100 billion of liquidity. In addition, Shanghai London connect went live from yesterday, adding more avenues for foreign investors to participate in China’s equity market.</p> <p>Regarding other items, China’s President Xi will visit North Korea on 20-21 June and his meeting with South Korean President in the G20 meeting has been confirmed. However, there is still no confirmation yet whether President Xi will meet President Trump. However, we think President Xi’s visit to North Korea ahead of G20 meeting is positive, which may pave the way for an eventual meeting between Xi and Trump in Japan as both sides can use North Korea topic as a restarting point.</p>

Major Markets

- **US:** Wall Street climbed on Monday, with the S&P500 up 0.09%. The DJIA also climbed 0.09%, and the Nasdaq composite gained 0.62%.
- **Singapore:** The STI declined 0.45% to close at 3207.99 yesterday as investors were in a wary mood, awaiting the outcome of the FOMC on Wednesday.
- **Indonesia:** The external environment appears to be the major factor in Bank Indonesia's (BI) rate decisions as Governor Perry Warjiyo has said that the central bank sees room to cut its key policy rate, but he also said they still needed to monitor global financial market conditions and the country's balance of payment. In our view, we see that Bank Indonesia (BI) may likely stay pat on Thursday but closely watch for further views from them on the global economy. Meanwhile, the government will be holding a conventional bond auction today.
- **Thailand:** Somchai Jitsuchon, a member of the central bank's monetary policy committee has said that the Bank of Thailand's monetary policy is data dependent with an eye on financial stability as well as the tough export outlook. He also said the "US-China trade war has haunted us" and may hang over the country for a long time if President Donald Trump wins a second term.
- **Philippines:** Overseas remittance rose by 4% yoy for the month of April, which therefore means that Filipinos overseas sent home US\$2.44bn during that period. Overall, January – April remittances increased by 4.1% yoy to US\$9.7bn.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened over yesterday, with the shorter tenors and belly trading 2-4bps higher, while the longer tenors traded 4-5bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 7bps to 499ps. 10Y UST yields gained 1bps to 2.10% on a choppy trading day, as strong performance in US technology stocks offset worries about the ongoing trade tensions between China and the US. Investors are awaiting more information after the Federal Reserve monetary policy meeting later this week. Spread between 3-month treasury bills and 10-year treasury notes continued to be inverted, remaining at -6bps.
- **New Issues:** Korea Electric Power Corp has priced a USD500mn 5-year bond at T+75bps, tightening from IPT at T+100bps area. China Everbright Bank Co., Ltd Hong Kong Branch has priced a USD500mn 3-year FRN at 3M-US LIBOR+79bps, tightening from IPT at 3M-US LIBOR+105bps. Xi'an Municipal Infrastructure Construction Investment Group Corporation Ltd has priced a USD500mn 3-year bond at 4.2%, tightening from IPT at 4.6% area. Landsea Green Group Co., Ltd has priced a USD200mn 3-year bond at 11.25%, tightening from IPT at 11.5% area. Hyundai Capital America has priced a USD800mn debt offering in 2 tranches; a USD400mn 3-year bond at T+120bps (tightening from IPT at T+135-140bps area), and a USD400mn 5-year at T+155bps (tightening from IPT at T+165-170bps area). Kunming Traffic Investment Co., Ltd has scheduled investor roadshows commencing 18 June for its potential USD bond issuance. Nuoxi Capital Ltd (Guarantor:Peking University Founder Group Company Ltd) has scheduled investor roadshows commencing 17 June for its potential USD bond issuance. REC Ltd has mandated banks for its potential USD bond issuance.

• Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.572	0.58%	USD-SGD	1.3716	0.35%
USD-JPY	108.560	0.17%	EUR-SGD	1.5372	-0.27%
EUR-USD	1.1208	-0.60%	JPY-SGD	1.2633	0.18%
AUD-USD	0.6872	-0.62%	GBP-SGD	1.7262	-0.34%
GBP-USD	1.2589	-0.67%	AUD-SGD	0.9424	-0.29%
USD-MYR	4.1658	0.02%	NZD-SGD	0.8903	-0.81%
USD-CNY	6.9255	0.06%	CHF-SGD	1.3730	-0.15%
USD-IDR	14325	0.32%	SGD-MYR	3.0496	0.07%
USD-VND	23324	0.03%	SGD-CNY	5.0435	-0.22%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3780	-0.0030	O/N	2.3466	-0.0039
2M	-0.3360	-0.0039	1M	2.3818	-0.0125
3M	-0.3180	-0.0125	2M	2.3944	-0.0080
6M	-0.2610	-0.0080	3M	2.4020	-0.0082
9M	-0.1940	-0.0082	6M	2.2774	-0.0410
12M	-0.1710	-0.0410	12M	2.2465	-0.0591

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
06/19/2019	0.0%	29.2%	0.0%	29.2%	70.8%
07/31/2019	0.0%	84.4%	22.8%	61.6%	15.6%
09/18/2019	0.0%	97.7%	55.8%	22.5%	2.3%
10/30/2019	0.0%	98.4%	44.8%	15.8%	1.6%
12/11/2019	0.0%	99.4%	27.8%	7.5%	0.6%
01/29/2020	0.0%	99.5%	22.3%	5.6%	0.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.51	0.4%	Corn (per bushel)	4.5300	2.5%
Brent (per barrel)	62.01	1.1%	Soybean (per bushel)	8.968	1.0%
Heating Oil (per gallon)	1.8294	1.3%	Wheat (per bushel)	5.3850	0.6%
Gasoline (per gallon)	1.7325	0.7%	Crude Palm Oil (MYR/MT)	2,000.0	0.6%
Natural Gas (per MMBtu)	2.3870	2.7%	Rubber (JPY/KG)	235.6	0.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	5,822	-0.6%	Gold (per oz)	1,340.1	0.1%
Nickel (per mt)	11,864	0.2%	Silver (per oz)	14.803	-0.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,089.61	-17.16
S&P	2,886.98	-4.66
Nasdaq	7,796.66	-40.47
Nikkei 225	21,116.89	84.89
STI	3,222.63	1.97
KLCI	1,638.63	-5.11
JCI	6,250.27	-22.82
Baltic Dry	1,085.00	23.00
VIX	15.28	-0.54

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.72 (-0.01)	1.84 (-)
5Y	1.75 (-0.02)	1.83 (-0.01)
10Y	1.94 (-0.01)	2.08 (-0.01)
15Y	2.17 (-0.01)	--
20Y	2.24 (-0.01)	--
30Y	2.45 (-)	2.59 (-0.01)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.20	0.20
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.35
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Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
06/18/2019 17:00	EC CPI YoY	May F	1.20%	--	--	--
06/18/2019 20:30	US Housing Starts	May	1240k	--	1235k	--
06/18/2019 06:19	RU Industrial Production YoY	May	1.60%	--	4.90%	0.046
06/18/2019 17:00	EC CPI MoM	May	0.20%	--	0.70%	--
06/18/2019 06:19	RU GDP YoY	1Q P	0.005	--	0.005	--
06/18/2019 04:00	US Net Long-term TIC Flows	Apr	\$31.0b	\$46.9b	-\$28.4b	-\$25.9b
06/18/2019 17:00	EC CPI Core YoY	May F	0.008	--	0.008	--
06/18/2019 04:00	US Total Net TIC Flows	Apr	--	-\$7.8b	-\$8.1b	-\$5.6b
06/18/2019 17:00	EC ZEW Survey Expectations	Jun	--	--	-160.00%	--
06/18/2019 20:30	US Building Permits	May	1293k	--	1296k	1290k

Source: Bloomberg

OCBC Treasury Research	
<p><u>Macro Research</u></p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Howie Lee HowieLee@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p><u>Credit Research</u></p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

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