

Highlights

Global	<p>Wall Street ended lower yesterday amid trade tension concerns and mixed corporate earnings announcements. US – China trade talks continue to show limited progress as the Dow Jones reported that talks have stalled as the Trump administration works on how to address easing Huawei restrictions whilst the Global Times Editor-in-chief tweeted that Beijing insists for all US tariffs be removed and that the amount of Chinese purchases to be agreed upon be set at a realistic level. Earnings season saw the Bank of America's profits hit a record for the fifth consecutive quarter supported by gains in its retail division whilst Netflix missed its target on sign up of customers. Regarding the Fed, Kansas' Esther George mentioned that the economic outlook hasn't changed since June. Meanwhile, oil fell yesterday as Brent declined by 1.07% as the EIA (Energy Information Administration) found that stocks of gasoline and distillate fuels grew above analyst estimates whilst fuel demand fell last week. Bank of Korea (BoK) cut by 25bps from 1.75% to 1.50%. For today, Asian markets are likely to track the fall seen in the US markets. Watch out for the rate decision from Bank Indonesia (BI) with our expectations that they may cut by 25bps. Other key data releases today include the July Philadelphia Fed business outlook, US initial jobless claims, Australian jobs data and UK retail sales.</p>
US	<p>The S&P 500 index retreated 0.7% yesterday, on reports that trade talks between the US and China have stalled. The markets were likely also paying attention to Fed's Esther George's economic outlook discussion, in which she mentioned that she still sees strength in the US economy and hinted she may not be ready to aggressively cut rates yet. Investors will continue to look for clues regarding the outcome of the July FOMC meeting in upcoming speeches by members of the Fed. In the short term we expect the S&P 500 index to continue trading sideways about the 2950-3025 range, with volatility expected on any updates with regards to the US-China trade situation</p>
ID	<p>The central bank will be releasing its benchmark rate decision today with our expectations that they will cut it by 25bps. Conditions are in favour for a cut as the USD – IDR is firm closing below 14,000, the monthly trade data showed a second month in a row of a trade surplus in June and a global easing cycle sets in.</p>
Gold	<p>The precious metal closed at a new year to-date high yesterday at \$1,426.60/oz. Investment guru and billionaire founder of Bridgewater Associates Ray Dalio said that "it would be both risk-reducing and return-enhancing to consider adding gold to one's portfolio" sent gold prices higher. We maintain our view that gold may potentially test \$1,500/oz before the end of 2019 if economic conditions further head south.</p>

Major Markets

- **Singapore:** The STI rose 0.1% yesterday, led by gains in the banking sector. We expect some downward pressure on the STI today as the S&P 500 index closed below the support of 3,000 last night and has clocked two consecutive days of losses. The short-term trading range of the STI remains at 3,100-3,400 in our opinion.
- **Thailand:** The BoT yesterday said that reducing interest rates may only have a limited impact on the baht strength. Instead, the central bank is looking a wider range of tools to help stem the country's currency gains, including limiting the bond supply and relaxing restrictions on money outflows by Thai investors. Governor Veerathai said "interest rates alone can't fix all problems, and that they are aiming to "avoid using broad-based measures and try to use measures that directly address problems". Thai sovereign 2-5s bear-steepened yesterday but the spread still remains close to 0 at 6.5bp.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened yesterday, with the shorter tenors and belly traded 1-2bps higher, while the longer tenors traded 0-1bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2 bps to 129bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 9bps to 475bps. 10Y USTs fell 6bps to 2.04%, after renewed US – China trade tensions and weaker than expected US homebuilding data boosted risk-off sentiment. Spread between 3-month treasury bills and 10-year treasury notes remains inverted, with the spread widening to -7bps.
- **New Issues:** NWD Finance (BVI) Ltd (guarantor: New World Development Company Ltd) has priced a USD400mn re-tap of its existing NWDEVL 6.25%-PERP at 5.9%, tightening from IPT at 6.25% area. China Grand Automotive Services Ltd (guarantor: China Grand Automotive Services Group Co., Ltd) has priced a USD75mn re-tap of its existing CHIGRA 8.625%'22s at 10.0%, in line with IPT. Wanda Group Overseas Ltd (guarantor: Dalian Wanda Group Co., Ltd) has priced a USD400mn 3-year bond at 7.875%, tightening from IPT at 8.0% area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	97.223	-0.18%	USD-SGD	1.3609	0.18%
USD-JPY	107.950	-0.27%	EUR-SGD	1.5276	0.30%
EUR-USD	1.1224	0.12%	JPY-SGD	1.2607	0.45%
AUD-USD	0.7010	-0.03%	GBP-SGD	1.6920	0.39%
GBP-USD	1.2433	0.21%	AUD-SGD	0.9540	0.14%
USD-MYR	4.1145	0.07%	NZD-SGD	0.9162	0.61%
USD-CNY	6.8736	-0.04%	CHF-SGD	1.3781	0.21%
USD-IDR	13983	0.34%	SGD-MYR	3.0234	-0.19%
USD-VND	23203	0.01%	SGD-CNY	5.0495	-0.27%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3950	0.10%	O/N	2.3566	-0.05%
2M	-0.3360	-0.05%	1M	2.3004	-1.37%
3M	-0.3670	-1.37%	2M	2.3019	-0.65%
6M	-0.3500	-0.65%	3M	2.2996	-0.36%
9M	-0.1940	-0.36%	6M	2.2070	-1.01%
12M	-0.2860	-1.01%	12M	2.2109	0.04%

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.5-1.75%	1.75-2%	2-2.25%
07/31/2019	0.0%	100.0%	0.0%	34.5%	65.5%
09/18/2019	0.0%	100.0%	24.2%	56.3%	19.5%
10/30/2019	0.0%	100.0%	38.6%	39.8%	10.8%
12/11/2019	0.0%	100.0%	39.1%	28.7%	6.6%
01/29/2020	0.0%	100.0%	36.3%	22.8%	4.9%
03/18/2020	0.0%	100.0%	33.2%	18.8%	3.8%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.78	-1.5%	Corn (per bushel)	4.3600	0.2%
Brent (per barrel)	63.66	-1.1%	Soybean (per bushel)	8.825	-0.6%
Heating Oil (per gallon)	1.8926	-0.6%	Wheat (per bushel)	5.0550	-0.4%
Gasoline (per gallon)	1.8787	-0.7%	Crude Palm Oil (MYR/MT)	1,922.0	0.2%
Natural Gas (per MMBtu)	2.3040	-0.1%	Rubber (JPY/KG)	229.8	-0.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	5,980	-0.5%	Gold (per oz)	1,423.3	0.9%
Nickel (per mt)	14,450	2.7%	Silver (per oz)	15.893	1.9%

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

Equity and Commodity

Index	Value	Net change
DJIA	27,219.85	-115.78
S&P	2,984.42	-19.62
Nasdaq	8,185.21	-37.59
Nikkei 225	21,469.18	-66.07
STI	3,364.87	4.84
KLCI	1,657.53	-11.41
JCI	6,394.61	-7.27
Baltic Dry	2,011.00	--
VIX	13.97	1.11

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.68 (+0.01)	1.81 (-0.04)
5Y	1.76 (--)	1.81 (-0.05)
10Y	1.96 (--)	2.05 (-0.06)
15Y	2.17 (--)	--
20Y	2.26 (-0.01)	--
30Y	2.45 (-0.01)	2.56 (-0.06)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	6.42	0.72
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.41
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
07/18/2019 07:50	JN Trade Balance	Jun	¥403.5b	--	¥967.1b
07/18/2019 09:00	SK BoK 7-Day Repo Rate	Jul-18	1.75%	--	1.75%
07/18/2019	ID Bank Indonesia 7D Reverse Repo	Jul-18	5.75%	--	6.00%
07/18/2019 15:00	ID Bank Indonesia Rate Decision and Briefing				
07/18/2019 16:30	UK Retail Sales Inc Auto Fuel MoM	Jun	-0.30%	--	-0.50%
07/18/2019 16:30	UK Retail Sales Ex Auto Fuel MoM	Jun	-0.20%	--	-0.30%
07/18/2019 16:30	HK Unemployment Rate SA	Jun	2.80%	--	2.80%
07/18/2019 16:30	UK Retail Sales Inc Auto Fuel YoY	Jun	2.60%	--	2.30%
07/18/2019 16:30	UK Retail Sales Ex Auto Fuel YoY	Jun	2.60%	--	2.20%
07/18/2019 20:30	US Initial Jobless Claims	Jul-13	216k	--	209k
07/18/2019 20:30	US Philadelphia Fed Business Outlook	Jul	5	--	0.3
07/18/2019 20:30	US Continuing Claims	Jul-06	1700k	--	1723k
07/18/2019 21:30	US Fed's Bostic Speaks to Clarksville Chamber in Tennessee				
07/18/2019 22:00	US Leading Index	Jun	0.10%	--	0.00%

Source: Bloomberg

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