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Highlights

Global	Market sentiment appears to be tracking sideways, as it awaits key events for the remainder of the week. ECB is due to announce its monetary policy decision. It is expected to leave rates unchanged today, but President Mario Draghi will likely focus on the limits of monetary policy toolkit and urge European governments to step up structural reform efforts. Meanwhile, OPEC is due to meet today in Vienna. Given the recent display of cohesiveness of the cartel – or the lack of it – there is very little market expectation that it would agree on anything significant, including hefty cuts to production caps. Apart from the ECB and OPEC meetings today, we have US' initial jobless claims, Australia's April retail sale numbers and Singapore's May Purchasing Managers Index.
Singapore	STI consolidated to close flat at 2790.54 (-0.02%) as losses by Golden Agri-Resources Ltd (-2.56%), Jardine Cycle and Carriage (-2.37%) and Singapore Technologies Engineering LTd (-2.17%) erased gains from Thai Beverage PLC (+2.86%), City Developments Ltd (+2.08%) and Genting Singapore PLC (+2.03%). Given a tepid Wall Street last night, expect STI to continue to remain quiet, with support and resistance at 2740 and 2810 respectively.
China	China's official PMI was at 50.1 in May, unchanged from April's reading, slightly above market expectation. Both new orders and new export orders fell slightly to 50.7 and 50 in May, but still above the threshold line, signalling the still stable demand. However, given the event risk from FOMC meeting and Brexit referendum in June as well as RMB's recent depreciation against the dollar, uncertainty remains in the coming months.
Indonesia	As it happens, the country has to wait a while more for a full suite of investment grade ratings from the three major agencies. S&P affirmed Indonesia's BB+ rating yesterday, even as it maintained a positive rating outlook. There had been a build-up of expectations that S&P would follow the lead of the other two agencies in upgrading Indonesia's sovereign rating into investment grade territory. The agency, however, burst that hope citing forecasts for larger budget deficits in coming years and a decline in corporate credit quality.
Thailand	CPI growth remained in positive territory (+0.46%) in May mainly on increased prices for vegetables, meat and other foods, according to the Ministry of Commerce.
Commodities	Crude oil prices were largely flattish on overnight trading as market-watchers monitor the upcoming 169th OPEC meeting closely. Note that OPEC members are said to be revisiting the idea of a production ceiling after failing to agree on one back in Dec 2015. Still, the key question is on which levels OPEC may deem appropriate, especially as the cartel has been producing above 33 million barrels per day (mbpd) since Dec 2015 according to Bloomberg estimates. We opine that while a return back to the initial quota of 30mbpd may be highly unlikely given that oil prices are already pointing north, a new quota (albeit higher) may at least give the market some confidence that the cartel has once again turned back to its traditional way of doing business. Still, a real possibility of leaving matters as status quo remains simply on the reason to maintain market share.

Major Market

- **US:** Equity markets closed near flat, but managed to mark slight gains as a better than expected manufacturing release spurred some risk-taking. Dow, S&P 500 and Nasdaq were up by 0.01%, 0.11% and 0.08% respectively while VIX was higher as well, closing at 14.19 (+8.16%). Meanwhile, UST 2 and 10-year bond yield came in at 0.898% (+2bps) and 1.834% (-1bps) respectively.
- **Macau:** Gross gaming revenue declined consecutively for two years, dropping 9.6% yoy in May to MOP18.39 billion. On a positive note, the stabilization of gaming revenue confirms that the gaming sector has bottomed out. Moving forward, the sector may be able to benefit from more new hotel, casino and theme park openings in the next 1-2 years, which are expected to lure more overnight visitors and casual gamblers. However, while the worst is over for the gaming sector, the sector still suffers from a lack of an ability to retrieve fast growth in the short term due to government caps on gaming tables growth at 3% till 2023. Also, despite an expanding mass-market segment, the lower profitability of mass-market tables, as compared to that of VIP tables amid lower minimum betting amount, sees the gaming sector unable to return to the past glory days. In conclusion, though we expect gross gaming revenue to decrease at a slower pace in 2016 from last year, it may still fall 4%-5%.

Bond Market Updates

- **Market Commentary:** SGD swap rates traded 1 – 2 bps higher across all tenors yesterday. Flows in the SGD corporates were heavy with better buying in, SOCGEN 4.3%'26s, BPCEGP 4.5%'26s, OLAMSP 4.25%'19s, GENSSP 5.13%'49s and OLAMSP 5.8%'19s. Meanwhile we also saw mixed interests in, GEMAU 5.5%'19s, UOBSP 4%'49s and BNP 4.3%'25s. In the broader dollar space, the spread on JACI IG corporates increased by 2bps to 221bps, while the yield on JACI HY corporates decreased by 1bps to 7.11%. 10y UST yield decreased by 1bps to 1.84%.
- **New Issues:** Tianjin Infrastructure Construction & Investment Group Co. Ltd. has scheduled an investor meeting in Hong Kong, Singapore and London from 2 June, 2016 onwards for potential USD Bond issue. The expected ratings are "A-/NR/A".
- **Rating Changes:** Moody's revised its outlook on DIC Corporation (Chemical product manufacturer) credit rating of "Baa3" to positive from stable. The revision reflects the meaningful progress DIC has made in reducing its financial leverage over the last few years, while maintaining adequate cash flow and profitability. Moody's affirmed its credit ratings of Sinochem Hong Kong Company Limited of "A3" credit rating. This concludes the review for downgrade initiated on 29 February 2016. The rating confirmation reflects Moody's expectation that Sinochem Hong Kong's credit metrics will improve, driven by increased contributions from its property operations and the support from the Chinese government. The outlook is negative. At the same time, Moody's also affirmed its credit rating on Sinochem Hong Kong's subsidiaries, Sinochem Global Capital Co. Ltd of "Baa2" credit rating and Sinochem Overseas capital Co. Ltd "A3" credit rating. The outlook is negative. Fitch assigned a "A" credit rating with stable outlook on Tianjin Infrastructure Construction & Investment Group Co. Ltd. The rating reflects Tianjin's strong creditworthiness, strategic importance of being the largest urban developer in China and on-going government fiscal support.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.455	-0.45%	USD-SGD	1.3770	-0.05%
USD-JPY	109.540	-1.07%	EUR-SGD	1.5406	0.44%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2570	1.03%
AUD-USD	0.7257	0.32%	GBP-SGD	1.9851	-0.51%
GBP-USD	1.4416	-0.46%	AUD-SGD	0.9994	0.28%
USD-MYR	4.1480	0.47%	NZD-SGD	0.9388	0.75%
USD-CNY	6.5800	-0.08%	CHF-SGD	1.3935	0.53%
USD-IDR	13661	0.10%	SGD-MYR	3.0092	0.58%
USD-VND	22434	0.20%	SGD-CNY	4.7776	-0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3490	--	O/N	0.3865	--
2M	-0.3010	--	1M	0.4689	--
3M	-0.2610	--	2M	0.5682	--
6M	-0.1530	--	3M	0.6858	--
9M	-0.0840	--	6M	0.9931	--
12M	-0.0150	--	12M	1.3374	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.50	-0.50	3.12
Italy	-0.07	1.00	1.38
Ireland	-0.36	0.20	0.80
Greece*	7.02	-36.40	7.28
Spain	-0.10	0.10	1.50
Russia^	2.94	-1.40	4.82

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	17,789.67	2.50
S&P	2,099.33	2.40
Nasdaq	4,952.25	4.20
Nikkei 225	16,955.73	-279.30
STI	2,790.54	-0.50
KLCI	1,626.50	0.50
JCI	4,839.67	42.80
Baltic Dry	612.00	--
VIX	14.20	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.05 (-0.03)	0.90 (+0.02)
5Y	1.74 (-0.05)	1.38 (+0.01)
10Y	2.22 (-0.02)	1.84 (-0.01)
15Y	2.48 (-0.03)	--
20Y	2.53 (-0.02)	--
30Y	2.58 (-0.02)	2.62 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.64	4.07
EURIBOR-OIS	8.40	0.30
TED	39.21	-0.88

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.01	-0.18%	Coffee (per lb)	1.219	0.29%
Brent (per barrel)	49.72	0.06%	Cotton (per lb)	0.6317	-1.20%
Heating Oil (per gallon)	1.499	0.09%	Sugar (per lb)	0.1741	-0.46%
Gasoline (per gallon)	1.62	0.02%	Orange Juice (per lb)	1.5425	1.11%
Natural Gas (per MMBtu)	2.381	4.06%	Cocoa (per mt)	3,046	-0.42%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,617.0	-1.16%	Wheat (per bushel)	4.7375	1.99%
Nickel (per mt)	8,440	0.49%	Soybean (per bushel)	10.998	1.97%
Aluminium (per mt)	1,559.5	0.89%	Corn (per bushel)	4.1375	2.22%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,211.9	-0.24%	Crude Palm Oil (MYR/MT)	2,624.0	-0.42%
Silver (per oz)	15.927	-0.42%	Rubber (JPY/KG)	156.5	-3.57%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
06/01/2016 07:00	SK CPI MoM	May	0.20%	0.00%	0.10%	--
06/01/2016 07:00	SK CPI YoY	May	0.90%	0.80%	1.00%	--
06/01/2016 07:30	AU AiG Perf of Mfg Index	May	--	51	53.4	--
06/01/2016 07:50	JN Capital Spending YoY	1Q	2.40%	4.20%	8.50%	--
06/01/2016 08:00	SK Exports YoY	May	-0.40%	-6.00%	-11.20%	--
06/01/2016 08:00	SK Imports YoY	May	-9.70%	-9.30%	-14.90%	--
06/01/2016 09:00	CH Manufacturing PMI	May	50	50.1	50.1	--
06/01/2016 09:00	CH Non-manufacturing PMI	May	--	53.1	53.5	--
06/01/2016 09:30	SK Nikkei South Korea PMI Mfg	May	--	50.1	50	--
06/01/2016 09:30	AU GDP SA QoQ	1Q	0.80%	1.10%	0.60%	0.70%
06/01/2016 09:45	CH Caixin China PMI Mfg	May	49.2	49.2	49.4	--
06/01/2016 10:00	JN Nikkei Japan PMI Mfg	May F	--	47.7	47.6	--
06/01/2016 10:30	TA Nikkei Taiwan PMI Mfg	May	--	48.5	49.7	--
06/01/2016 11:00	ID Nikkei Indonesia PMI Mfg	May	--	50.6	50.9	--
06/01/2016 12:00	VN Nikkei Vietnam PMI Mfg	May	--	52.7	52.3	--
06/01/2016 12:04	ID CPI YoY	May	3.30%	3.33%	3.60%	--
06/01/2016 12:04	ID CPI NSA MoM	May	0.20%	0.24%	-0.45%	--
06/01/2016 13:00	IN Nikkei India PMI Mfg	May	--	50.7	50.5	--
06/01/2016 13:00	JN Vehicle Sales YoY	May	--	6.60%	7.20%	--
06/01/2016 14:00	UK Nationwide House PX MoM	May	0.30%	0.20%	0.20%	--
06/01/2016 14:30	AU Commodity Index YoY	May	--	-10.00%	-9.40%	--
06/01/2016 14:30	TH CPI YoY	May	0.27%	0.46%	0.07%	--
06/01/2016 15:45	IT Markit Italy Mfg PMI	May	53	52.4	53.9	--
06/01/2016 15:50	FR Markit France Mfg PMI	May F	48.3	48.4	48.3	--
06/01/2016 15:55	GE Markit Germany Mfg PMI	May F	52.4	52.1	52.4	--
06/01/2016 16:00	EC Markit Eurozone Mfg PMI	May F	51.5	51.5	51.5	--
06/01/2016 16:30	UK Mortgage Approvals	Apr	67.9k	66.3k	71.4k	70.3k
06/01/2016 16:30	UK Money Supply M4 MoM	Apr	--	-0.10%	-0.40%	--
06/01/2016 16:30	UK Markit UK PMI Mfg SA	May	49.6	50.1	49.2	49.4
06/01/2016 19:00	US MBA Mortgage Applications	May-27	--	-4.10%	2.30%	--
06/01/2016 21:30	CA RBC Canadian Mfg PMI	May	--	52.1	52.2	--
06/01/2016 22:00	US ISM Manufacturing	May	50.3	51.3	50.8	--
06/02/2016 07:00	SK GDP YoY	1Q F	2.70%	2.80%	2.70%	--
06/02/2016 07:50	JN Monetary Base YoY	May	--	25.50%	26.80%	--
06/02/2016 09:30	AU Retail Sales MoM	Apr	0.30%	--	0.40%	--
06/02/2016 19:45	EC ECB Main Refinancing Rate	Jun-02	0.00%	--	0.00%	--
06/02/2016 19:45	EC ECB Deposit Facility Rate	Jun-02	-0.40%	--	-0.40%	--
06/02/2016 19:45	EC Facility	Jun-02	0.25%	--	0.25%	--
06/02/2016 20:15	US ADP Employment Change	May	173k	--	156k	--
06/02/2016 20:30	US Initial Jobless Claims	May-28	270k	--	268k	--
06/02/2016 20:30	US Continuing Claims	May-21	2150k	--	2163k	--
06/02/2016 21:00	SI Purchasing Managers Index	May	49.7	--	49.8	--
06/02/2016 21:45	US Bloomberg Consumer Comfort	May-29	--	--	42	--
06/01/2016 06/07	ID Foreign Reserves	May	--	--	\$107.71b	--

Source: Bloomberg

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