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Highlights

Global	Global risk appetite retreated overnight and even the RBA's unexpected 25bp rate cut to a record low of 1.75%, which was accompanied by an expansionary Australian budget (A\$37.1b deficit), was not sufficient to bolster market sentiments during Asian timezone. Fed's Lockhart and Williams continued to keep the flames alive for the June FOMC meeting, suggesting that markets are underpricing risks for a rate hike. Meanwhile, Japanese officials stepped up on the JPY rhetoric, with Aso flagging government concern over the intensification of currency moves. Treasury Secretary Lew also opined Japan is abiding by the G20 agreement to refrain from competitive devaluation and exchange-rate targeting, but suggested using all its policy levers and "not rely excessively on one lever such as monetary policy". On the economic front, China's Caixin manufacturing PMI disappointed market expectations at 49.4, whilst UK's Markit manufacturing PMI also caught markets by surprise after contracting for the first time in three years (49.2 from 50.7 previously). The focus today will be on US' durable goods orders, non-manufacturing ISM, factory orders, ADP employment change and trade deficit, Indonesia's 1Q16 GDP growth, BOK minutes and the slew of services and composite PMIs from Europe and Asia.
US	The IBD/TIPP economic optimism climbed more than expected from 46.3 in April to 48.7 in May, and the New York ISM also surged from 50.4 to 57.0.
Eurozone	The European Commission pared its economic forecast to reflect lower expectations for 2016 inflation from 0.5% to 0.2%, and GDP growth to 1.6% this year and 1.8% in 2017 (1% point lower than the Feb forecasts). The EC also noted that France, Spain and Italy are still off track for budget targets. ECB's Coeure opined that "we have not yet seen negative rates have a major impact on market makers themselves – in particular via the topical channel of banks and the their profitability" and "we would not take it to absurdly low levels" for the deposit facility rate. Meanwhile, PPI rebounded 0.3% mom (-4.2% yoy) in March, up from -0.7% mom (-4.2% yoy) in February.
AU	Treasurer Scott Morrison cut corporate taxes, boosted infrastructure spending and provided some income-tax relief in his budget announcement yesterday that comes two months ahead of the election. Net debt will rise to a record 18.9% of GDP for FY2017 and hit 19.2% by FY29108, but Morrison reiterated he will return to surplus by 2021.
Singapore	The manufacturing and electronics PMI rebounded to 49.8 (+0.4) and 49.5 (+0.5) respectively in April, an improvement from the March readings of 49.4 and 49.0, but remaining subdued below the 50 threshold for the 10 th straight month. The new orders, new export orders and employment gauges improved but remained in contraction territory, whilst the imports and order backlog gauges also picked up, suggesting nascent signs of a near-term bottom. This reinforces the latest domestic business expectations surveys which found a net +1% of manufacturers expect more favourable conditions for April-September (up from -22% a quarter ago).
China	PBoC announced the disbursement of the targeted pledged supplementary lending to three policy banks in the beginning of the every month starting from May to support certain projects. This continues to signal China's commitment to the stabilization of the economy.

Major Market

- **US:** Equity markets saw a sell-off on Tuesday, essentially wiping off the gains from the previous trading day. The rally since mid-February appears to have stalled, unable to break through previous highs. Global economic concerns are back in play, after a weak factory data from UK and China. S&P 500 (-0.87%), Dow (-0.78%) and Nasdaq (-1.13%). US Treasuries rallied amid the risk-off sentiment, with 2-year and 10-year US Treasuries yielding 0.75% and 1.79% respectively. Volatility also spiked, with VIX rising 6.27%.
- **Singapore:** The STI declined 0.96% to close at 2811.20 yesterday, and is likely to continue to slide today given weak overnight cues from Wall Street. STI may test key support at 2800, with resistance tipped at 2820. Meanwhile, SGS bonds are likely to rally on the back of the risk-off sentiments today.
- **Macau:** Gross gaming revenue declined for the 23rd straight month in April to MOP17.34 billion. Nevertheless, starting from late last year, gaming revenue has been decreasing at a slower pace than previous months. Moving forward, as hotels are offering discounts on room rates in an attempt to attract customers, overnight visitors are expected to show sustainable growth. Given a gradual pick-up in the tourism sector coupled with the change of business strategies by the casino operators, we believe that the gaming sector has probably have bottomed out. Despite this, we still believe that gaming revenues are unlikely retrieve positive growth over 2016 as the mass-market segment may not be profitable enough to cover the losses of VIP tables.
- **Thailand:** Consumer confidence fell for the fourth consecutive month in April, and touching its 7-month low. The fall in confidence may be largely due to the widespread drought which has rallied food prices, and thus underscoring the slower-than-expected economic recovery.
- **Commodities:** It seems that energy prices have gone back to its mid-April levels once again, after touching its \$46-48/bbl handle. Reportedly, much selling pressure was seen when crude oil prices peaked late last week. This suggests that some of the rally was too quick and clearly overdone then. With the market expecting further climbs in US oil inventories (data out later tonight), it is not surprising to see prices declining by another notch last night. We reckon that while prices are still dependent on energy stockpiles, the demand story may gradually take hold as we approach the US driving season.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the short-end rates trading 1bp-3bps lower while the rest of the curve remained relatively unchanged. In the broader dollar space, the spread on the JACI IG corporates widened by 1bp to 227bps, while the yield on the JACI HY corporates was level at 7.31%. 10y UST yield decreased by 7bps to 1.80% amid broad-based weakness in risk assets globally.
- **New Issues:** Ascendas Pte Ltd priced a SGD130mn 5-year bond at 2.68%, in line with initial guidance. The issue is not rated. ICBC Singapore priced a USD800mn 3-year bond at CT3+115bps, tightening from an initial guidance of CT3+130bps. The expected rating for the issue is "NR/A1/NR". Meanwhile, Lendlease Group scheduled for investor meetings in Singapore, Hong Kong, London for a potential USD bond from 5 May 2016.
- **Rating Changes:** S&P revised its outlook on Solusi Tunas Pratama's "BB-" long-term corporate credit rating to negative from stable. This is due to Solusi Tunas Pratama's weaker revenue and EBITDA growth in a sluggish market. Moody's withdrew the "Ba3" corporate family rating of Saizen REIT as it believes it has insufficient or otherwise inadequate information to support the

maintenance of the rating. The rating outlook was stable at the time of its withdrawal. Moody's confirmed Beijing Enterprises Holdings Ltd's ("BEHL") "A3" issuer rating and Beijing Enterprises Group Company Ltd's ("BVI") "A3" issuer rating, concluding a review for downgrade since 5 February 2016. The confirmation of BEHL's issuer rating reflects Moody's assessment that its credit profile will remain within the parameters of an "A3" rating category. Outlook is negative. Moody's also affirmed the "B1" corporate family rating of PT Sri Rejeki Isman Tbk ("Sritex"), revising the outlook on the rating to positive from stable. The positive outlook reflects Sritex's strong operating performance coupled with Moody's expectation that the ongoing expansion of its production capacity will drive revenue and earnings growth in 2016 and 2017.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.944	0.34%	USD-SGD	1.3524	0.89%
USD-JPY	106.600	0.18%	EUR-SGD	1.5547	0.55%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2686	0.68%
AUD-USD	0.7485	-2.37%	GBP-SGD	1.9657	-0.07%
GBP-USD	1.4535	-0.94%	AUD-SGD	1.0122	-1.52%
USD-MYR	3.9315	0.40%	NZD-SGD	0.9349	-0.67%
USD-CNY	6.4945	0.25%	CHF-SGD	1.4169	0.86%
USD-IDR	13188	0.22%	SGD-MYR	2.9281	0.44%
USD-VND	22290	0.01%	SGD-CNY	4.8043	-0.46%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3430	--	O/N	0.3837	--
2M	-0.2890	--	1M	0.4358	--
3M	-0.2500	--	2M	0.5230	--
6M	-0.1410	--	3M	0.6366	--
9M	-0.0770	--	6M	0.9042	--
12M	-0.0120	--	12M	1.2295	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.59	-2.70	3.09
Italy	-0.05	-0.70	1.46
Ireland	-0.34	-1.00	0.89
Greece*	10.46	0.60	8.63
Spain	-0.07	-0.20	1.56
Russia^	3.09	0.00	4.84

* 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	17,750.91	-140.30
S&P	2,063.37	-18.10
Nasdaq	4,763.22	-54.40
Nikkei 225	16,147.38	--
STI	2,811.20	-27.30
KLCI	1,651.44	-21.30
JCI	4,812.26	3.90
Baltic Dry	682.00	-21.00
VIX	15.60	0.90

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.02 (--)	0.75 (-0.04)
5Y	1.61 (--)	1.25 (-0.07)
10Y	2.00 (--)	1.80 (-0.08)
15Y	2.38 (+0.01)	--
20Y	2.46 (+0.01)	--
30Y	2.57 (--)	2.66 (-0.07)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.76	-0.30
EURIBOR-OIS	9.70	0.30
TED	43.46	-1.38

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	43.65	-2.52%	Coffee (per lb)	1.186	-0.42%
Brent (per barrel)	44.97	-1.88%	Cotton (per lb)	0.6305	-2.04%
Heating Oil (per gallon)	1.333	-1.63%	Sugar (per lb)	0.1625	0.25%
Gasoline (per gallon)	1.51	-3.38%	Orange Juice (per lb)	1.3350	-0.63%
Natural Gas (per MMBtu)	2.086	2.15%	Cocoa (per mt)	3,178	-0.34%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,920.0	-2.57%	Wheat (per bushel)	4.5975	-3.62%
Nickel (per mt)	9,488	0.75%	Soybean (per bushel)	10.215	-1.35%
Aluminium (per mt)	1,622.8	-3.05%	Corn (per bushel)	3.7825	-3.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,291.8	-0.31%	Crude Palm Oil (MYR/MT)	2,520.0	-2.02%
Silver (per oz)	17.474	-1.03%	Rubber (JPY/KG)	182.0	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
05/03/2016 00:00	IT New Car Registrations YoY	Apr	--	11.53%	17.38%	17.86%
05/03/2016 07:00	SK CPI MoM	Apr	0.10%	0.10%	-0.30%	--
05/03/2016 07:00	SK CPI YoY	Apr	1.00%	1.00%	1.00%	--
05/03/2016 09:30	AU Building Approvals MoM	Mar	-2.00%	3.70%	3.10%	2.90%
05/03/2016 09:30	AU Building Approvals YoY	Mar	-14.00%	-6.50%	-9.00%	-7.20%
05/03/2016 09:45	CH Caixin China PMI Mfg	Apr	49.8	49.4	49.7	--
05/03/2016 12:30	AU RBA Cash Rate Target	May-03	2.00%	1.75%	2.00%	--
05/03/2016 16:30	UK Markit UK PMI Mfg SA	Apr	51.2	49.2	51	50.7
05/03/2016 17:00	EC PPI MoM	Mar	0.00%	0.30%	-0.70%	--
05/03/2016 17:00	EC PPI YoY	Mar	-4.30%	-4.20%	-4.20%	--
05/03/2016 21:00	SI Purchasing Managers Index	Apr	49.5	49.8	49.4	--
05/04/2016 05:00	SK Foreign Reserves	Apr	--	\$372.48b	\$369.84b	--
05/04/2016 06:45	NZ Unemployment Rate	1Q	5.50%	5.70%	5.30%	5.40%
05/04/2016 06:45	NZ Employment Change QoQ	1Q	0.60%	1.20%	0.90%	1.00%
05/04/2016 06:45	NZ Employment Change YoY	1Q	1.30%	2.00%	1.30%	1.40%
05/04/2016 08:00	NZ QV House Prices YoY	Apr	--	--	11.40%	--
05/04/2016 09:00	NZ ANZ Commodity Price	Apr	--	--	-1.30%	--
05/04/2016 13:00	IN Nikkei India PMI Services	Apr	--	--	54.3	--
05/04/2016 13:00	IN Nikkei India PMI Composite	Apr	--	--	54.3	--
05/04/2016 14:45	FR Trade Balance	Mar	-4200m	--	-5177m	--
05/04/2016 15:30	TH Foreign Reserves	Apr-29	--	--	\$176.9b	--
05/04/2016 15:45	IT Markit Italy Services PMI	Apr	51.9	--	51.2	--
05/04/2016 15:50	FR Markit France Services PMI	Apr F	50.8	--	50.8	--
05/04/2016 15:50	FR Markit France Composite PMI	Apr F	50.5	--	50.5	--
05/04/2016 15:55	GE Markit Germany Services PMI	Apr F	54.6	--	54.6	--
05/04/2016 15:55	GE Markit GE Composite PMI	Apr F	53.8	--	53.8	--
05/04/2016 16:00	SI COE Open Bid Cat A	May-04	--	--	47300	--
05/04/2016 16:00	SI COE Open Bid Cat B	May-04	--	--	49602	--
05/04/2016 16:00	EC Markit Eurozone Services PMI	Apr F	53.2	--	53.2	--
05/04/2016 16:00	EC Markit EZ Composite PMI	Apr F	53	--	53	--
05/04/2016 17:00	EC Retail Sales MoM	Mar	-0.10%	--	0.20%	--
05/04/2016 17:00	EC Retail Sales YoY	Mar	2.60%	--	2.40%	--
05/04/2016 19:00	US MBA Mortgage Applications	Apr-29	--	--	-4.10%	--
05/04/2016 20:15	US ADP Employment Change	Apr	195k	--	200k	--
05/04/2016 20:30	US Trade Balance	Mar	-\$41.2b	--	-\$47.1b	--
05/04/2016 20:30	CA Int'l Merchandise Trade	Mar	-1.40b	--	-1.91b	--
05/04/2016 21:45	US Markit US Services PMI	Apr F	52.1	--	52.1	--
05/04/2016 21:45	US Markit US Composite PMI	Apr F	--	--	51.7	--
05/04/2016 22:00	US ISM Non-Manf. Composite	Apr	54.8	--	54.5	--
05/04/2016 22:00	US Factory Orders	Mar	0.60%	--	-1.70%	--
05/04/2016 22:00	US Durable Goods Orders	Mar F	0.80%	--	0.80%	--
05/04/2016 22:00	US Durables Ex Transportation	Mar F	-0.10%	--	-0.20%	--
05/04/2016 22:00	US Cap Goods Ship Nondef Ex Air	Mar F	--	--	0.30%	--
05/04/2016	ID Consumer Confidence Index	Apr	--	--	109.8	--
05/04/2016	ID GDP QoQ	1Q	-0.22%	--	-1.83%	--
05/04/2016	ID GDP YoY	1Q	5.07%	--	5.04%	--

Source: Bloomberg

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