

Highlights

Global	<p>Market sentiment feels tentatively positive, as S&P 500 gained 0.1% to close at its highest level since July last year. Market is likely to still be tracking sideways largely because it continues to await more clues about the US economy after last Friday's dismal nonfarm payrolls print. Meanwhile, market is also digesting data from China, including foreign reserves print out yesterday. It shows that China's reserves dipped to USD3.19tn in May compared to 3.22bn the month before, largely driven by valuation effect during a period of USD weakness. China's trade data released today will be closely watched as well, with market pencilling in a decline of 4.0%yoy in exports and nearly 7% drop in imports.</p> <p>Apart from China's trade data, on the economic calendar today we have UK's April Industrial production, Canada's May housing starts and Australia's April home loans. Fed Rosengren and BOE's Governor Carney are both also in line to speak today as well.</p>
US	<p>Equity markets ended mixed as the S&P 500 (+0.13%) and Dow (+0.10%) inched towards their record highs, but Nasdaq ended a shade lower (-0.14%). Energy producers led the gains, with crude prices closing above \$50 per barrel. Moving forward, investors may struggle to find the next source of growth to push equity markets convincingly above of the record highs. In the US Treasury space, an auction for new 3-year notes saw less-than-enthusiastic demand as investors appear concerned about the risk of rate hikes. Despite that, yield on the 10-year notes continue to decline to record lows, yielding just 1.71%. The 2-year notes yield 0.79%. Elsewhere, volatility continues to climb, with the VIX ending higher by 2.93%.</p>
China	<p>PBoC injected CNY208 billion worth of liquidity via MLF yesterday into the banking system in reaction to capital outflows and seasonal liquidity demand ahead of the semi-annual end despite there is no maturing of MLF this week. This shows that MLF is still the preferred policy tool to manage the liquidity. Meanwhile, China announced to grant CNY250 billion RQFII quota to US, second largest after Hong Kong's CNY270 billion quota. Yi Gang, deputy Governor of PBoC also said that China plans to establish a RMB clearing bank in the US.</p>
Indonesia	<p>The government is considering a plan to lower 2016 GDP growth target to 5.1% in the budget assumption. In a parliamentary discussion regarding budget revisions, Finance Minister Bambang Brodjonegoro said that the lower target is more reasonable compared to the current estimates of 5.3%.</p>
Malaysia	<p>The government does not plan to nationalize carmaker Proton, according to the Star daily. The government has earlier subscribed to preference shares of the loss-making company.</p>
Commodities	<p>Crude oil lifts to near its 10-month high with WTI and Brent closing at \$50.36/bbl and \$51.44/bbl respectively, after US inventories fell 3.6 million barrels last week according to the American Petroleum Institute (API). Adding to the lift in prices was likely Saudi Arabia's revelation that its crude oil production levels will be left unchanged under its new economic reform plan, known as the National Transformation Program.</p>

Treasury Advisory

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Major Market

- **Singapore:** The STI rose to the highest in two months, closing the session 0.59% higher at 2848.09. Gains were led by Sembcorp Marine Ltd (+6.65%), Sembcorp Industries Ltd (+3.2%) and Golden Agri-Resources Ltd (+2.6%) while names such as Singapore Airlines Ltd (-0.75%), Comfort DelGro Corp Ltd (-0.72%) and Thai Beverage PCL (0.55%) suppressed the overall Index. For today, given strong cues from Wall Street overnight, coupled with early gains from the KOSPI, expect to STI to notch some gains, with support and resistance tipped at 2820 and 2870 respectively.

Bond Market Updates

- **Market Commentary:** The SGD swap rates steepened yesterday, with the short-term rates traded 2-3bps lower, while the long-term rates traded 1-2bps higher. Flows in the SGD corporates were heavy with mixed interest seen in SOCGEN 4.3%'26s, UOBSP 4%'49s, ABNANV 4.75%'26s, STANLN 4.4%'26s and FRESHK 4.25%'19s. In the broader dollar space, the spread on JACI IG corporates remains relatively unchanged at 225bps, while the yield on JACI HY corporates decreased by 5bps to 6.96%. 10y UST was levelled at 1.71%.
- **New Issues:** ICBC Dubai priced a USD400m 5-year bond at CT5+140bps, tightening from its initial guidance of CT5+160bps. The expected ratings are "A/A1/NR". The Republic of Indonesia has priced a 2-tranche deal, with the EUR1.5bn 7-year bond priced at MS+260bps, tightening from its initial guidance of MS+280bps. Republic of Indonesia priced the other tranche of EUR1.5bn 12-year bond at MS+325bps, tightening from its initial guidance of MS+345bps. The expected ratings are "BB+/Baa3/BBB-". China State Construction Engineering Corp. Ltd. has priced a 2-tranche deal, with the USD500m 3-year bond priced at CT3+142.5bps, tightening from its initial guidance of CT3+165bps. The other tranche of USD500m 5-year bond was priced at CT5+152.5bps, tightening from its initial guidance of CT5+175bps. The expected ratings are "A/A2/A". ABC Leasing has scheduled investor meetings in Hong Kong, Singapore and London for potential USD bond issue from 8 June, 2016 onwards. SMBC Aviation has also scheduled for roadshow meetings over June 8-9 for a potential USD bond. The expected ratings are "BBB+/NR/BBB+".
- **Rating Changes:** Moody's withdrew credit rating on 1MDB Energy Ltd's senior unsecured note issued for its own business reason. The rating prior withdrawal was "Aa2".

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.828	-0.08%	USD-SGD	1.3514	-0.32%
USD-JPY	107.370	-0.18%	EUR-SGD	1.5348	-0.30%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2585	-0.17%
AUD-USD	0.7459	1.26%	GBP-SGD	1.9655	0.38%
GBP-USD	1.4545	0.71%	AUD-SGD	1.0081	0.94%
USD-MYR	4.0557	-1.04%	NZD-SGD	0.9431	0.49%
USD-CNY	6.5715	0.12%	CHF-SGD	1.4000	0.21%
USD-IDR	13263	-0.80%	SGD-MYR	2.9966	-0.62%
USD-VND	22350	-0.10%	SGD-CNY	4.8575	0.45%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3520	--	O/N	0.3861	--
2M	-0.3010	--	1M	0.4471	--
3M	-0.2620	--	2M	0.5370	--
6M	-0.1570	--	3M	0.6607	--
9M	-0.0890	--	6M	0.9542	--
12M	-0.0180	--	12M	1.2856	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.51	-0.30	3.12
Italy	-0.07	-1.70	1.42
Ireland	-0.37	-0.10	0.75
Greece*	8.09	51.20	7.47
Spain	-0.10	-0.70	1.46
Russia^	2.75	-5.60	4.76

* 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	17,938.28	17.90
S&P	2,112.13	2.70
Nasdaq	4,961.75	-7.00
Nikkei 225	16,675.45	95.40
STI	2,848.09	16.80
KLCI	1,660.62	11.60
JCI	4,933.99	38.00
Baltic Dry	606.00	-1.00
VIX	14.05	0.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.95 (+0.01)	0.78 (-0.01)
5Y	1.58 (+0.01)	1.23 (-0.02)
10Y	2.10 (+0.02)	1.72 (-0.02)
15Y	2.36 (+0.03)	--
20Y	2.43 (+0.03)	--
30Y	2.52 (+0.04)	2.54 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	26.35	-1.28
EURIBOR-OIS	8.40	--
TED	39.28	-0.91

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.36	1.35%	Coffee (per lb)	1.322	0.38%
Brent (per barrel)	51.44	1.76%	Cotton (per lb)	0.6585	0.46%
Heating Oil (per gallon)	1.542	2.55%	Sugar (per lb)	0.1900	1.17%
Gasoline (per gallon)	1.59	-0.10%	Orange Juice (per lb)	1.6750	0.18%
Natural Gas (per MMBtu)	2.474	0.32%	Cocoa (per mt)	3,088	0.82%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,567.0	-2.58%	Wheat (per bushel)	5.0900	0.30%
Nickel (per mt)	8,546	-0.93%	Soybean (per bushel)	11.413	0.26%
Aluminium (per mt)	1,556.0	0.70%	Corn (per bushel)	4.2775	0.12%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,244.4	-0.02%	Crude Palm Oil (MYR/MT)	2,640.0	-1.16%
Silver (per oz)	16.394	-0.32%	Rubber (JPY/KG)	156.0	-1.58%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
06/07/2016 08:30	TA CPI YoY	May	1.68%	1.24%	1.88%	1.87%
06/07/2016 09:00	PH CPI YoY	May	1.30%	1.60%	1.10%	--
06/07/2016 12:30	AU RBA Cash Rate Target	Jun-07	1.75%	1.75%	1.75%	--
06/07/2016 13:00	JN Leading Index CI	Apr P	100.7	100.5	99.3	--
06/07/2016 13:30	IN RBI Repurchase Rate	Jun-07	6.50%	6.50%	6.50%	--
06/07/2016 13:30	IN RBI Reverse Repo Rate	Jun-07	6.00%	6.00%	6.00%	--
06/07/2016 13:30	IN RBI Cash Reserve Ratio	Jun-07	4.00%	4.00%	4.00%	--
06/07/2016 13:54	PH Foreign Reserves	May	--	\$83.5b	\$83.5b	\$83.7b
06/07/2016 14:00	GE Industrial Prod SA MoM	Apr	0.70%	0.80%	-1.30%	-1.10%
06/07/2016 14:00	GE Industrial Production WDA YoY	Apr	1.00%	1.20%	0.30%	0.40%
06/07/2016 14:45	FR Trade Balance	Apr	-4450m	-5219m	-4368m	-4204m
06/07/2016 15:30	UK Halifax House Prices MoM	May	0.30%	0.60%	-0.80%	--
06/07/2016 16:00	TA Trade Balance	May	\$4.95b	\$3.50b	\$4.80b	--
06/07/2016 16:00	TA Exports YoY	May	-9.90%	-9.60%	-6.50%	--
06/07/2016 16:00	TA Imports YoY	May	-10.80%	-3.40%	-9.60%	--
06/07/2016 16:30	HK Foreign Reserves	May	--	\$360.3b	\$360.8b	--
06/07/2016 17:00	EC GDP SA QoQ	1Q F	0.50%	0.60%	0.50%	--
06/07/2016 17:00	EC GDP SA YoY	1Q F	1.50%	1.70%	1.50%	--
06/07/2016 17:00	EC Household Cons QoQ	1Q	0.50%	0.60%	0.20%	0.30%
06/07/2016 17:00	SI Foreign Reserves	May	--	\$247.13b	\$250.35b	--
06/07/2016 17:50	ID Foreign Reserves	May	--	\$103.60b	\$107.71b	--
06/07/2016 18:00	MA Foreign Reserves	May-31	--	\$97.3b	\$97.2b	--
06/07/2016	CH Foreign Reserves	May	\$3200.0b	\$3191.7b	\$3219.0b	\$3219.7b
06/08/2016 07:50	JN BoP Current Account Bal	Apr	¥2303.0b	¥1878.5b	¥2980.4b	--
06/08/2016 07:50	JN Trade Balance BoP Basis	Apr	¥919.0b	¥697.1b	¥927.2b	--
06/08/2016 07:50	JN GDP SA QoQ	1Q F	0.50%	0.50%	0.40%	--
06/08/2016 07:50	JN GDP Annualized SA QoQ	1Q F	1.90%	1.90%	1.70%	--
06/08/2016 07:50	JN GDP Nominal SA QoQ	1Q F	0.60%	0.60%	0.50%	--
06/08/2016 07:50	JN GDP Deflator YoY	1Q F	0.90%	0.90%	0.90%	--
06/08/2016 09:30	AU Home Loans MoM	Apr	2.50%	--	-0.90%	--
06/08/2016 13:00	JN Eco Watchers Survey Current	May	43.4	--	43.5	--
06/08/2016 13:00	JN Eco Watchers Survey Outlook	May	45.9	--	45.5	--
06/08/2016 14:30	FR Bank of France Bus. Sentiment	May	100	--	99	--
06/08/2016 16:00	SI COE Open Bid Cat A	Jun-08	--	--	47020	--
06/08/2016 16:00	SI COE Open Bid Cat B	Jun-08	--	--	49156	49156
06/08/2016 16:30	UK Industrial Production MoM	Apr	0.00%	--	0.30%	--
06/08/2016 16:30	UK Industrial Production YoY	Apr	-0.40%	--	-0.20%	--
06/08/2016 16:30	UK Manufacturing Prod MoM	Apr	-0.10%	--	0.10%	--
06/08/2016 16:30	UK Manufacturing Production YoY	Apr	-1.50%	--	-1.90%	--
06/08/2016 19:00	US MBA Mortgage Applications	Jun-03	--	--	-4.10%	--
06/08/2016 20:15	CA Housing Starts	May	189.0k	--	191.5k	--
06/08/2016 20:30	CA Building Permits MoM	Apr	1.50%	--	-7.00%	--
06/08/2016 22:00	UK NIESR GDP Estimate	May	--	--	0.30%	--
06/08/2016	ID Consumer Confidence Index	May	--	--	109	--
06/08/2016	CH Trade Balance	May	\$55.70b	--	\$45.56b	--
06/08/2016	CH Exports YoY	May	-4.00%	--	-1.80%	--
06/08/2016	CH Imports YoY	May	-6.80%	--	-10.90%	--
06/07/2016 06/13	VN Domestic Vehicle Sales YoY	May	--	--	38.10%	--

Source: Bloomberg

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