

Highlights

Global	<p>Retreating commodity prices, likely on the back of disappointing Chinese trade data and renewed concerns about China's policy bias, may cast a shadow over the trading environment today, especially with the Japanese Finance Minister Aso's jawboning about undesirable JPY strength or weakness and the means to intervene. Market speculation is building for Japanese fiscal stimulus being on tap at the G7 meeting later this month. Meanwhile, Rodrigo Duterte has claimed victory for the Philippines Presidential election.</p> <p>Today's economic data calendar will kick off with China's CPI and PPI data, followed by US' NFIB small business optimism index, JOLTS job openings, wholesale trade sales and inventories, UK and German trade data, and Indonesia's foreign reserves. Speakers include Fed's Dudley. Expect Asian markets to be caught in a consolidative range today.</p>
US	<p>Fed's Evans opined that the central bank is "just being careful" but "the continuation of a wait-and-see monetary policy response is appropriate to ensure that economic growth continues, labour markets strengthen further, wages begin to increase more, and all of this supports an eventual increase in the currently low inflation back up to our 2 percent objective". Meanwhile, Kashakri noted "there's still slack in the labour market". Also, labour market conditions index continued to worsen at -0.9 in April, versus -2.1 in March.</p>
EZ	<p>Sentix investor confidence climbed from 5.7 in March to 6.2 in April. German factory orders surged 1.9% mom (+1.7% yoy) in March, the strongest since June 2015, up from a revised -0.8% mom (+0.7% yoy) in February, on the back of stronger export orders (+4.3% which was led by a 6.2% increase in orders outside the euro-area).</p>
China	<p>Risk off sentiment dominated again triggered by one People's Daily article written by powerful "authoritative person". The article painted a negative picture on economic recovery saying it will be an "L" shape recovery instead of U or V shape recovery. Meanwhile, it also played down the debt and credit driven recovery and flagged the warning of excessive leverage.</p>
Indonesia	<p>Today, Bank Indonesia is due to announce its foreign exchange reserves number for the month of April. It stood at USD107.5bn as of end of March. Also today, President Jokowi is due to meet with S&P, a ratings agency.</p>
Malaysia	<p>1MDB has reportedly reached out to its bondholders to explain its dispute with IPIC, an Abu Dhabi sovereign wealth fund, regarding coupon payments. There is a coupon payment due tomorrow noon London time. If 1MDB fails to pay, this would mark the second default by the entity. It would also trigger a cross-default on other debts, including a USD1.83bn sukuk.</p>
Commodities	<p>Oil prices fell to its \$43/bbl handle yesterday on talks that further assessment on the impact of the Canadian wildfires on oil prices is needed to substantiate further rally. The fire had broken out on 1st May, and had already forced three major oil firms to warn of their possible inability to deliver contracts. Markets are pencilling in an expected fall of more than one million barrels a day in oil production.</p>

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Major Market

- **US:** Gains in healthcare stocks cancelled out declines in the commodity and energy producers as equity markets closed largely flat. S&P 500 (+0.08%), Dow (-0.20%) and Nasdaq (+0.30%). It appears that the rally since mid-February has ran out of steam, with the S&P 500 failing to breach the 2100 mark with any conviction. US Treasury yields continue to slide, as 2-year and 10-year Treasuries yield 0.70% and 1.75% respectively. Elsewhere, VIX ended 1.02% lower.
- **Singapore:** The STI surged 1.29% to close at 2766.06 yesterday, but may see some consolidation today amid mixed cues from Wall Street overnight. The STI could see support and resistance at 2720 and 2780 respectively. Meanwhile, SGS bonds may be better bid on the slight risk-off mood today, in line with UST bond market performance.
- **Thailand:** The Excise department is reportedly studying a move to impose higher taxes on fuel, alcohol, beer, tobacco and telecommunication services, with an aim to double tax revenue to almost THB1.0 trillion by 2027.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, trading 2bps-4bps higher across all tenors. Flows in the SGD corporates were moderate, where we saw better buyers in STANLN 4.4%'26s, and mixed interests in GENSSP 5.125%'49s, OLAMSP 4.25%'19s and OLAMSP 5.8%'19s. In the broader dollar space, the spread on the JACI IG corporates tightened by 1bp to 228bps, while the yield on the JACI HY corporates was level at 7.34%. 10y UST yield decreased by 3bps to 1.75%.
- **New Issues:** Agricultural Bank of China ("ABC") priced a two-tranche deal, with the USD400mn 3-year bond priced at CT3+107.5bps, tightening from an initial guidance of CT3+130bps. ABC priced the other tranche of USD850mn 3-year floating rate bonds at 3mL+98bps. The expected rating for the issue is "A/A1/NR". G8 Education is planning to issue a SGD 3-year bond with price guidance of 5.75%, the issue is not expected to be rated. Westpac Banking Corporation priced a USD4.0bn five-part deal, with the USD750mn 3-year bond priced at CT3+80bps (tightening from an initial guidance of CT3+95bps), the USD250mn floating rate bond priced at 3mL+71bps, the USD1.25bn 5-year bond priced at CT5+95bps (tightening from an initial guidance of CT5+110bps), the USD250mn floating rate bond priced at 3mL+100bps and the USD1.5bn 10-year bond priced at CT10+115bps.
- **Rating Changes:** Moody's withdrew all ratings on Aozora Bank Ltd, with no further news available on Bloomberg. The Local LT Bank Deposit Ratings on Aozora Bank Ltd was "Baa2" prior to the withdrawal. Moody's initiated a "Ba3" rating to Apex Top Group Ltd's USD400mn senior perpetual capital securities. This follows the final terms and conditions of the notes issuance which are consistent with Moody's expectation. Outlook is positive.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.128	0.26%	USD-SGD	1.3718	0.77%
USD-JPY	108.320	1.12%	EUR-SGD	1.5617	0.60%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2664	-0.37%
AUD-USD	0.7316	-0.68%	GBP-SGD	1.9764	0.66%
GBP-USD	1.4407	-0.14%	AUD-SGD	1.0036	0.08%
USD-MYR	4.0122	0.20%	NZD-SGD	0.9285	-0.23%
USD-CNY	6.5169	0.32%	CHF-SGD	1.4126	0.84%
USD-IDR	13314	-0.25%	SGD-MYR	2.9404	-0.24%
USD-VND	22290	0.03%	SGD-CNY	4.7593	-0.47%

Equity and Commodity

Index	Value	Net change
DJIA	17,705.91	-34.70
S&P	2,058.69	1.60
Nasdaq	4,750.21	14.10
Nikkei 225	16,216.03	109.30
STI	2,766.06	35.30
KLCI	1,632.19	-17.20
JCI	4,749.32	-73.30
Baltic Dry	616.00	-15.00
VIX	14.57	-0.20

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3480	--	O/N	0.3850	--
2M	-0.2920	--	1M	0.4379	--
3M	-0.2560	--	2M	0.5212	--
6M	-0.1440	--	3M	0.6296	--
9M	-0.0790	--	6M	0.9072	--
12M	-0.0130	--	12M	1.2242	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.05 (+0.02)	0.71 (-0.03)
5Y	1.63 (+0.03)	1.19 (-0.04)
10Y	2.01 (+0.03)	1.75 (-0.03)
15Y	2.38 (+0.02)	--
20Y	2.45 (+0.02)	--
30Y	2.56 (+0.01)	2.61 (-0.02)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.62 -2.30	3.30 -1.20	3.18
Italy	-0.07 -1.10	1.46 -3.20	1.34
Ireland	-0.36 -1.00	0.88 -3.70	0.76
Greece*	9.60 -42.40	8.43 -9.40	8.30
Spain	-0.07 -1.00	1.58 -1.00	1.46
Russia^	3.16 0.00	4.87 0.00	4.74

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.36	-0.08
EURIBOR-OIS	8.90	-0.10
TED	41.60	-2.03

* 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

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	43.44	-2.73%	Coffee (per lb)	1.252	1.38%
Brent (per barrel)	43.63	-3.84%	Cotton (per lb)	0.6133	-0.49%
Heating Oil (per gallon)	1.286	-3.81%	Sugar (per lb)	0.1588	0.89%
Gasoline (per gallon)	1.44	-3.58%	Orange Juice (per lb)	1.4205	-0.04%
Natural Gas (per MMBtu)	2.098	-0.14%	Cocoa (per mt)	3,059	0.39%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,686.0	-2.58%	Wheat (per bushel)	4.4700	-1.38%
Nickel (per mt)	8,568	-5.13%	Soybean (per bushel)	10.188	-0.73%
Aluminium (per mt)	1,546.3	-2.49%	Corn (per bushel)	3.6775	-2.19%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,266.6	-2.12%	Crude Palm Oil (MYR/MT)	2,675.0	1.33%
Silver (per oz)	17.070	-2.50%	Rubber (JPY/KG)	175.5	-1.90%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
05/09/2016 08:00	JN Labor Cash Earnings YoY	Mar 0.60%	1.40%	0.90%	0.70%
05/09/2016 09:30	AU ANZ Job Advertisements MoM	Apr --	-0.80%	0.20%	0.10%
05/09/2016 13:00	IN Local Car Sales	Apr --	162566	175730	--
05/09/2016 14:00	GE Factory Orders MoM	Mar 0.60%	1.90%	-1.20%	-0.80%
05/09/2016 14:00	GE Factory Orders WDA YoY	Mar 0.10%	1.70%	0.50%	0.70%
05/09/2016 15:30	UK Halifax House Prices MoM	Apr -0.30%	-0.80%	2.60%	2.20%
05/09/2016 15:30	TH Foreign Reserves	Apr-29 --	\$178.6b	\$176.9b	--
05/09/2016 16:00	TA Trade Balance	Apr \$4.50b	\$4.80b	\$4.50b	--
05/09/2016 16:00	TA Exports YoY	Apr -8.30%	-6.50%	-11.40%	--
05/09/2016 16:00	TA Imports YoY	Apr -9.20%	-9.60%	-17.00%	--
05/09/2016 17:00	SI Foreign Reserves	Apr --	\$250.35b	\$246.54b	--
05/09/2016 20:15	CA Housing Starts	Apr 193.0k	191.5k	204.3k	202.4k
05/10/2016 09:30	CH CPI YoY	Apr 2.30%	--	2.30%	--
05/10/2016 09:30	CH PPI YoY	Apr -3.70%	--	-4.30%	--
05/10/2016 14:00	GE Industrial Prod SA MoM	Mar -0.20%	--	-0.50%	--
05/10/2016 14:00	GE Industrial Production WDA YoY	Mar 1.10%	--	1.30%	--
05/10/2016 14:00	GE Trade Balance	Mar 20.6b	--	20.3b	20.2b
05/10/2016 14:00	GE Current Account Balance	Mar 25.0b	--	20.0b	--
05/10/2016 14:00	GE Exports SA MoM	Mar 0.00%	--	1.30%	--
05/10/2016 14:00	GE Imports SA MoM	Mar -0.30%	--	0.40%	0.50%
05/10/2016 14:30	FR Bank of France Bus. Sentiment	Apr 100	--	99	--
05/10/2016 14:45	FR Industrial Production MoM	Mar 0.70%	--	-1.00%	--
05/10/2016 14:45	FR Industrial Production YoY	Mar 0.50%	--	0.60%	--
05/10/2016 14:45	FR Manufacturing Production MoM	Mar 0.60%	--	-0.90%	--
05/10/2016 14:45	FR Manufacturing Production YoY	Mar 1.20%	--	1.60%	--
05/10/2016 16:00	IT Industrial Production MoM	Mar 0.20%	--	-0.60%	--
05/10/2016 16:00	IT Industrial Production WDA YoY	Mar 1.30%	--	1.20%	--
05/10/2016 16:00	IT Industrial Production NSA YoY	Mar --	--	5.20%	--
05/10/2016 16:30	UK Visible Trade Balance GBP/Mn	Mar -£11,450	--	-£11,964	--
05/10/2016 16:30	UK Trade Balance	Mar -£4,200	--	-£4,840	--
05/10/2016 18:00	US NFIB Small Business Optimism	Apr 93	--	92.6	--
05/10/2016 22:00	US Wholesale Inventories MoM	Mar 0.10%	--	-0.50%	--
05/10/2016	ID Foreign Reserves	Apr --	--	\$107.50b	\$107.54b
05/09/2016 05/13	VN Domestic Vehicle Sales YoY	Apr --	--	52.50%	--
05/10/2016 05/15	CH New Yuan Loans CNY	Apr 800.0b	--	1370.0b	--
05/10/2016 05/15	CH Money Supply M1 YoY	Apr 21.50%	--	22.10%	--
05/10/2016 05/15	CH Money Supply M2 YoY	Apr 13.50%	--	13.40%	--
05/10/2016 05/20	ID Local Auto Sales	Apr --	--	93990	--
05/09/2016 05/13	PH Budget Balance PHP	Feb --	--	-3.5b	--

Source: Bloomberg

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