

Highlights

Global	<p>It seems that Brexit is on everyone's mind, including Fed Chair Janet Yellen's. During her press conference yesterday, she let on that the Jun 23rd referendum has implications for the US economic outlook, and was a factor in the Fed's decision to hold interest rates yesterday. Meanwhile, FOMC members' dot plot was updated and what stood out most was the fact that 6 out of 17 members now see only one rate hike this year. When it was last updated in March, only one member had a view that was that dovish. For 2017 and 2018, the median suggests that the committee now sees just three increases in each year, compared to four before. USD weakened given the overall dovish tone of the FOMC, with Yen as a key counterbalancing partner, strengthening to 105.8 level this morning. That is a fact that will not be lost on BOJ today, as it meets to ponder upon what to do. With weak growth momentum and resurgent deflation risk on its shores, and having already cut rates into negative territory without much avail, market will be looking out for what other hitherto obscure monetary policy tools it can pull out of the box eventually.</p>
Singapore	<p>Economic growth for this year is projected to print 1.8%, according to the MAS Survey of Professional Forecasters, down from a previous estimate of 1.9% made earlier in March. Growth estimate for 2017 is kept unchanged at 2.1%. Importantly as well, non-oil domestic export growth is downgraded to -2.1% this year, vs previous estimate of +0.2%, suggesting that the outlook for Singapore's external environment remains weak.</p>
China	<p>New Yuan loan data beat market expectation in May while aggregate social financing missed the target. Total new Yuan loan increased by CNY985.5 billion driven by the strong demand from household sectors. Aggregate social financing fell to only CNY659.9 billion, much less than new Yuan loan. This was mainly due to falling un-discounted bill acceptance, which fell by CNY506.6 billion, as well as the decline of corporate bond issuance. Meanwhile, broad money supply M2 decelerated to 11.8% in May from 12.5% in April due to lower deposit from non-bank financial institutions as well as persistent capital outflows. Meanwhile, China's currency regulator announced to ease the rules of sale of foreign receivable under the capital account. The company can sell their foreign receivable at their own will, another way of attracting capital inflows.</p>
Indonesia	<p>Trade balance for the month of May showed a surplus of USD376mn, against market expectation of 723mn. The shortfall is primarily driven by softer-than-expected exports performance, which shrank by 9.75%yoy. Imports proved to be relatively stronger as well, shrinking by 4.1%yoy against market expectation of 5.8% drop.</p>
Malaysia	<p>CPI inflation for May met market expectations at 2.0%yoy, slightly softer than the 2.1% printed in April. Meanwhile, Bank Negara announced that a new Ringgit fixing mechanism will be adopted on July 18th. In a bid to boost transparency, the central bank said that it will require domestic contributing banks to provide exchange rate quote based on market transactions.</p>
Commodities	<p>Risk aversion continues to stay on the table, even as the FOMC committee votes to keep interest rates unchanged at 0.50% amid the relatively flatter slant to the median dot plot chart. Gold prices gained to its \$1,290/oz handle in early trading hours today.</p>

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Major Market

- US:** Equities fell for the fifth straight day on Wednesday as Yellen stood pat on interest rates. Global growth concerns re-emerged and investors appear to question the ability of central banks in reigniting growth. S&P 500 (-0.18%), Dow (-0.20%) and Nasdaq (-0.18%). US Treasuries were the main beneficiaries as newly released Fed dot plot appear to suggest an even slower rate hike path. Six FOMC participants signalled only one hike in 2016, as opposed to one participant previously. 2-year and 10-year US Treasury yields continue to fall, yielding 0.66% and 1.57% respectively. Elsewhere, volatility continues to edge lower, with VIX ending down 1.76%.
- Singapore:** STI etched some gains prior to Thursday's FOMC statement, as the index rose by 0.21% to close at 2774.25. Gains were mainly seen from Jardine Cycle and Carriage Ltd (+1.43%), City Developments Ltd (+1.39%) and Keppel Corp Ltd (+1.32%) while equity losses from Hutchison Port Holdings Trust (-1.10%), SIA Engineering Co Ltd (-1.05%) and CapitaLand Mall Trust (-0.98%) weighed on the overall gains. For today, expect markets to be range bound with support and resistance tipped at 2740 and 2820 respectively.
- China:** New loan Yuan data beat market expectation in May while aggregate social financing missed the target. Total new Yuan loan increased by CNY985.5 billion driven by the strong demand from household sectors. The medium to long term loan to household sector hit a record high of CNY528.1 billion as a result of improving housing transactions. Meanwhile, the issuance of local government debt for debt swap program fell significantly in May to CNY115.7 billion from CNY469.9 billion leading to less distortion compared with April.
- Aggregate social financing fell to only CNY659.9 billion, much less than new Yuan loan. This was mainly due to falling un-discounted bill acceptance, which fell by CNY506.6 billion, as well as the decline of corporate bond issuance. The collapse of undiscounted bill acceptance was the result of recent clampdown on fake domestic trade following the recent scandal. The decline of net corporate bond issuance in May was rare, signalling the stress from recent rising credit events.
- Meanwhile, broad money supply M2 decelerated to 11.8% in May from 12.5% in April due to lower deposit from non-bank financial institutions as well as persistent capital outflows. Non-bank deposit spiked in May last year as a result of booming equity market, which created relatively high base. The M2 growth is likely to decelerate further in the coming months due to high base effect in June and July as a result of stock market intervention.

Bond Market Updates

- Market Commentary:** The SGD swap rates traded upward yesterday, trading 3-8bps higher across all tenors. Flows in the SGD corporates were heavy with better buying seen in SOCGEN 4.3%'26s, STANLN 4.4%'26s, and better selling in MFCCN3.85%'26s. Meanwhile, we also saw mixed interest in NAB 4.15%'28s and GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG Corporates decreased by 1bps to 230bps, while the yield on JACI HY Corporates increased by 2bps to 7.03%. 10y UST yield decreased by 4bps to 1.57% following dovish comments from the Federal Open Market Committee (FOMC) that shows that the FOMC was cautious and seemed concerned about overseas events and labour market improvement, and that inflation remains low.
- New Issues:** Biostime International Holdings Ltd. priced a USD400mn 5NC2 bond at 7.25%, tightening from its initial guidance of 7.5%. The expected ratings are "BB-/Ba3/NR". QBE Insurance Group Ltd. priced a USD524mn 30NC10 tier 2 bond at 5.88%, tightening from its initial guidance of 6%. The expected ratings are "BBB-/NR/BBB".
- Rating Changes:** S&P downgraded its credit rating on Noble Group to "B+" from "BB-" reflecting its

weakened liquidity position and higher funding costs despite recent efforts to raise cash. The outlook is negative. S&P downgraded its corporate credit rating on Barmenco Holding Pty Ltd. to “SD” from “B-” and its senior unsecured notes rating to “D” from “B-“. The rating actions follow Barmenco’s repurchase of outstanding notes at less than par value. S&P viewed the totality of the repurchased notes over time as being akin to a de-facto restructuring, and accordingly, a default under S&P criteria. S&P affirmed its credit rating of “BBB-“ on Kerry Properties Ltd. (Kerry) with negative outlook and subsequently withdrew its ratings on the company. The rating prior to withdrawal reflects S&P’s view that the company’s financial leverage will remain high in 2016 and 2017 due to Kerry’s aggressive expansion appetite and uneven property sales recognition that could offset the impact of the smooth expansion of its investment property portfolio. Fitch downgraded its long term default credit rating on Greenland Holding Group Co. Ltd. (Greenland) to “BB+” from “BBB-” and Greenland’s senior unsecured bond rating to “BB+” from “BBB-“. The downgrade reflects Greenland’s persistently high leverage, which will limit its flexibility to face potential headwinds in the domestic property or credit markets. The outlook is negative. Fitch placed Microsoft Corp.’s “AA+” credit rating on Negative Watch following the announcement that the company will buy LinkedIn Corp. (LinkedIn) for USD26.2bn. The Negative Rating Watch reflects Fitch’s expectation for structurally higher leverage, given Microsoft’s intention to fund the LinkedIn acquisition primarily with new debt.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.610	-0.33%	USD-SGD	1.3526	-0.18%
USD-JPY	106.010	-0.09%	EUR-SGD	1.5229	0.29%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2757	-0.11%
AUD-USD	0.7407	0.67%	GBP-SGD	1.9214	0.47%
GBP-USD	1.4204	0.64%	AUD-SGD	1.0020	0.50%
USD-MYR	4.0980	-0.22%	NZD-SGD	0.9513	0.39%
USD-CNY	6.5818	-0.23%	CHF-SGD	1.4069	0.01%
USD-IDR	13355	-0.28%	SGD-MYR	3.0247	-0.15%
USD-VND	22315	0.04%	SGD-CNY	4.8619	-0.10%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3530	--	O/N	0.3855	--
2M	-0.3010	--	1M	0.4423	--
3M	-0.2620	--	2M	0.5381	--
6M	-0.1590	--	3M	0.6548	--
9M	-0.0890	--	6M	0.9339	--
12M	-0.0210	--	12M	1.2533	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.79	0.00	3.35
Italy	0.08	-0.80	1.50
Ireland	-0.38	-0.50	0.83
Greece*	11.23	-49.80	8.18
Spain	0.04	-1.30	1.56
Russia^	2.74	0.30	4.80

* 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	17,640.17	-34.70
S&P	2,071.50	-3.80
Nasdaq	4,834.93	-8.60
Nikkei 225	15,919.58	60.60
STI	2,774.25	5.90
KLCI	1,627.96	1.90
JCI	4,814.82	-6.80
Baltic Dry	604.00	-4.00
VIX	20.14	-0.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.99 (+0.05)	0.67 (-0.05)
5Y	1.53 (+0.08)	1.07 (-0.07)
10Y	2.05 (+0.08)	1.57 (-0.04)
15Y	2.33 (+0.07)	--
20Y	2.40 (+0.07)	--
30Y	2.49 (+0.07)	2.41 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	26.30	0.09
EURIBOR-OIS	8.70	-0.10
TED	40.21	1.18

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.01	-0.99%	Coffee (per lb)	1.382	2.29%
Brent (per barrel)	48.97	-1.73%	Cotton (per lb)	0.6260	-0.70%
Heating Oil (per gallon)	1.478	-1.61%	Sugar (per lb)	0.1976	2.17%
Gasoline (per gallon)	1.50	-1.31%	Orange Juice (per lb)	1.6240	-0.82%
Natural Gas (per MMBtu)	2.595	-0.35%	Cocoa (per mt)	3,160	0.48%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,639.5	2.86%	Wheat (per bushel)	4.7750	-1.55%
Nickel (per mt)	9,015	1.82%	Soybean (per bushel)	11.560	-1.15%
Aluminium (per mt)	1,619.8	0.90%	Corn (per bushel)	4.2900	-1.72%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,285.8	0.02%	Crude Palm Oil (MYR/MT)	2,399.0	-4.80%
Silver (per oz)	17.503	0.45%	Rubber (JPY/KG)	151.6	1.27%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
06/15/2016 05:00	NZ REINZ House Sales YoY	May	--	13.60%	18.40%	--
06/15/2016 06:45	NZ BoP Current Account Balance	1Q	0.960b	1.306b	-2.614b	-2.894b
06/15/2016 07:00	SK Unemployment rate SA	May	3.80%	3.70%	3.70%	--
06/15/2016 08:30	AU Westpac Cons Conf SA MoM	Jun	--	-1.00%	8.50%	--
06/15/2016 12:00	MA CPI YoY	May	2.00%	2.00%	2.10%	--
06/15/2016 12:00	ID Trade Balance	May	\$723m	\$376m	\$667m	\$662m
06/15/2016 12:00	ID Exports YoY	May	-7.80%	-9.75%	-12.64%	-12.42%
06/15/2016 13:00	SI Retail Sales YoY	Apr	6.10%	3.80%	5.10%	5.20%
06/15/2016 13:00	SI Retail Sales SA MoM	Apr	2.20%	1.10%	-1.40%	-1.30%
06/15/2016 14:00	JN Machine Tool Orders YoY	May F	--	-24.70%	-25.00%	--
06/15/2016 14:01	PH Overseas Remittances YoY	Apr	7.50%	4.10%	1.50%	-1.20%
06/15/2016 14:45	FR CPI EU Harmonized MoM	May F	0.30%	0.50%	0.30%	--
06/15/2016 14:45	FR CPI EU Harmonized YoY	May F	0.00%	0.10%	0.00%	--
06/15/2016 14:45	FR CPI MoM	May F	0.40%	0.40%	0.40%	--
06/15/2016 14:45	FR CPI YoY	May F	-0.10%	0.00%	-0.10%	--
06/15/2016 16:02	CH Money Supply M2 YoY	May	12.50%	11.80%	12.80%	--
06/15/2016 16:04	CH New Yuan Loans CNY	May	750.0b	985.5b	555.6b	--
06/15/2016 16:30	UK Claimant Count Rate	May	2.10%	2.20%	2.10%	2.20%
06/15/2016 16:30	UK Jobless Claims Change	May	0.0k	-0.4k	-2.4k	6.4k
06/15/2016 16:30	UK ILO Unemp Rate 3Mths	Apr	5.10%	5.00%	5.10%	--
06/15/2016 19:00	US MBA Mortgage Applications	Jun-10	--	-2.40%	9.30%	--
06/15/2016 20:30	CA Manufacturing Sales MoM	Apr	0.60%	1.00%	-0.90%	--
06/15/2016 20:30	US PPI Final Demand MoM	May	0.30%	0.40%	0.20%	--
06/15/2016 20:30	US PPI Ex Food and Energy MoM	May	0.10%	0.30%	0.10%	--
06/15/2016 20:30	US Empire Manufacturing	Jun	-4.9	6.01	-9.02	--
06/15/2016 21:15	US Industrial Production MoM	May	-0.20%	-0.40%	0.70%	0.60%
06/15/2016	IN Imports YoY	May	--	-13.20%	-23.10%	--
06/15/2016	IN Exports YoY	May	--	-0.80%	-6.70%	--
06/16/2016 02:00	US FOMC Rate Decision	Jun-15	0.50%	0.50%	0.50%	--
06/16/2016 04:00	US Total Net TIC Flows	Apr	--	\$80.4b	-\$98.3b	-\$98.1b
06/16/2016 04:00	US Net Long-term TIC Flows	Apr	--	-\$79.6b	\$78.1b	--
06/16/2016 06:45	NZ GDP SA QoQ	1Q	0.50%	0.70%	0.90%	--
06/16/2016 06:45	NZ GDP YoY	1Q	2.60%	2.80%	2.30%	--
06/16/2016 09:30	AU Employment Change	May	15.0k	--	10.8k	10.6k
06/16/2016 09:30	AU Unemployment Rate	May	5.70%	--	5.70%	--
06/16/2016 09:30	AU Participation Rate	May	64.90%	--	64.80%	--
06/16/2016 16:30	UK Retail Sales Ex Auto Fuel YoY	May	3.80%	--	4.20%	--
06/16/2016 16:30	HK Unemployment Rate SA	May	3.40%	--	3.40%	--
06/16/2016 17:00	EC CPI MoM	May	0.30%	--	0.00%	--
06/16/2016 17:00	EC CPI YoY	May F	-0.10%	--	-0.10%	--
06/16/2016 17:00	EC CPI Core YoY	May F	0.80%	--	0.80%	--
06/16/2016 19:00	UK Bank of England Bank Rate	Jun-16	0.50%	--	0.50%	--
06/16/2016 19:00	UK BOE Asset Purchase Target	Jun	375b	--	375b	--
06/16/2016 20:30	CA Int'l Securities Transactions	Apr	--	--	17.17b	--
06/16/2016 20:30	US Current Account Balance	1Q	-\$125.0b	--	-\$125.3b	--
06/16/2016 20:30	US Initial Jobless Claims	Jun-11	270k	--	264k	--
06/16/2016 20:30	US Continuing Claims	Jun-04	2140k	--	2095k	--
06/16/2016 20:30	US Phil Fed Business Outlook	Jun	1	--	-1.8	--
06/16/2016 20:30	US CPI MoM	May	0.30%	--	0.40%	--
06/16/2016 20:30	US CPI YoY	May	1.10%	--	1.10%	--
06/16/2016	JN BOJ Monetary Policy					
06/16/2016	JN BOJ Policy Rate	Jun-16	-0.10%	--	-0.10%	--
06/16/2016	ID Bank Indonesia Rate	Jun-16	6.75%	--	6.75%	--
06/16/2016	ID BI 7D Reverse Repo	Jun-16	5.50%	--	5.50%	--

Source: Bloomberg

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