

Highlights

Global	Global risk appetite remained mixed overnight amid news that whilst the BOJ and BOE on hold, BI delivered its early-bird 25bp rate cut to both its old and new policy benchmark rates. Meanwhile, with a pro-EU British Labour MP's tragic death, the campaigning has been suspended for a second day. This may give Asian markets a small reprieve today, especially given a relatively light economic data calendar today centring on US' housing starts, building permits.
US	Initial jobless claims climbed 13k to a 1-month high of 277k, possibly contributed by summer school recess in California, while continuing claims also edged up to 2.157m. May inflation rose 0.2% mom (+1.0% yoy) within market anticipation while core CPI also increased 0.2% mom (+2.2% yoy) for a second month, lifted by higher shelter costs (+0.4%). The Philadelphia Fed business sentiments rebounded more than expected from +1.8 in April to +4.7 in May, and the NAHB housing market index also improved further from 58 in May to 60 in June, suggesting that housing should remain an engine of growth this year.
Singapore	NODX surged more than expected 11.6% yoy (+16.8% mom sa) in May, even better than our forecast for +0.2% yoy and +3.8% mom sa, and a huge improvement from the -7.9% yoy (+4.5% mom sa) print seen in April. Two contributing factors were non-electronics (+19.0% yoy), led by pharmaceuticals (+5.6% yoy), and the generally low base last year in May 2015, so it may not provide sustainable NODX support for overall headline 2Q GDP growth. Electronics NODX fell 6.0% yoy in May, which is also milder than the 7.4% yoy contraction seen in April. For our top 10 NODX markets, the positive turnaround seen in May were due to Taiwan (+11.2% yoy), US (+9.1% yoy) and Malaysia (+2.0% yoy). Our outlook for NODX this year is -4.4%yoy.
China	The dovish tones of the Fed bolstered a rebound in the RMB against the USD. However, heightened Brexit risks are prompting investors to stay away from risky assets, adding some downward pressures to the RMB. Elsewhere, Sichuan Coal Industry Group missed bond payment, marking another default by SOE on onshore bonds. With a record amount of bonds coming due in 2H, eyes will be on potential defaults by SOEs struggling with overcapacity in absence of implicit government guarantee.
Indonesia	Bank Indonesia trimmed its policy rate by 25 bps as we expected yesterday. Both the existing 12-month policy rate and its successor, the 7-day reverse repo rate, were cut, to 6.5% and 5.25% respectively. The central bank also eased some of the macro-prudential measures, including property cooling measures, to focus on getting credit growth going.
TH	Public debt reportedly rose to THB36.9bn to THB6.01tn in March, or 44.03% of GDP, according to finance ministry's Public Debt Management Office.
Commodities	Crude oil prices turned even lower as Russian oil minister commented that there is no need for any cooperation between Russia and Saudi Arabia, while ConocoPhillips reported that it had resumed almost ¾ of its production in Canada from the wildfires seen earlier last month. Elsewhere, the bullion surged to touch its \$1,310/oz handle on intraday trading yesterday, before closing the day marginally lower to \$1,296.1/oz.

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Major Market

- **US:** Equities marked the first gain in the week as markets appear to be driven by changing Brexit sentiments. Intraday losses were reversed as odds for Brexit diminished marginally. S&P 500, Dow and Nasdaq ended higher by 0.31%, 0.53% and 0.21% respectively. In a similar movement, US Treasury yields turned after a strong downward move in early trade brought yields to its lowest since 2012. 10-year US Treasury notes closed at 1.58%, having touched an intraday low of 1.52%. 2-year Treasuries yield 0.69%. Volatility continues to shade lower as VIX retreated 3.82%.
- **Singapore:** The STI declined 0.82% to close at 2751.56 yesterday, tracking regional bourses lower amid the Brexit-related concerns. The STI may see support and resistance at 2740 and 2780 respectively. SGS bond yields has rallied up to 6bps, led by the belly of the curve especially the 10-year tenor yesterday, but could give back some of the gains today given the short Brexit respite.
- **Malaysia:** PM Najib said that his government will provide incentives to master developer of Bandar Malaysia. These include income tax exemption for 10 years, and 8 years exemption for stamp duty, real property gains tax and withholding tax.
- **Hong Kong:** The seasonally adjusted unemployment rate of HK remained high at 3.4% in May. Unemployment rate in the retail sector stayed at 5.3% in May, as business prospects in retail sales deteriorated amid shrinking tourist spending. Accordingly, employment in the consumption and tourism-related sectors witnessed the 13th consecutive year-on-year decline in May. We expect the on-going anti-corruption campaign and unstable environment in HK to continue to hit HK tourism sector as well as retail sales sector. Unemployment rate in trade and wholesale sector increased from 2.9% to 3.0%, with exports value and import value slumping respectively for the 12th and 15th straight month in April amid muted external demand. Weak trade activities also resulted in visible increases of unemployment in the warehousing sector and transportation sector. Looking forward, corporate hiring sentiments are likely to remain clouded given the slow-growing domestic economy and dimmer business performance. We expect employment in the retail sector to continue to face headwinds amid slackening inbound tourism while employment growth within the trade sector may also be constrained amid global uncertainty. As a result, this may weigh on local sentiment, and reinforce an even weaker labour market in the retail sales sector.

Bond Market Updates

- **Market Commentary:** The SGD swap rates traded downwards significantly yesterday, trading 6-9bps lower across all tenors following the Federal Reserve's decision to hold off raising interest rates in June. Flows in the SGD corporates were heavy with better buying in SOCGEN 4.3%'26s and better selling in GEMAU 5.5%'19s. Meanwhile we also saw mixed interest in UOBSP 4%'49s, MFCCN 3.85%'26s and GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG Corporates increased by 4bps to 234bps, while the yield on JACI HY Corporate decreased by 1 bps to 7.02%. 10y UST yield increased by 1 bps to 1.58% after touching lows not seen since 2012.
- **New Issues:** China Development Bank priced a USD1bn 3-year bond at CT3+90bps, tightening from its initial guidance of CT3+105bps. The expected ratings are "AA-/Aa3/NR". Zhongrong International Bond 2016 Ltd. priced a USD500mn 3-year bond at 6.95%, tightening from its initial guidance of 7.15%. The expected ratings are "BB-/NR/NR".
- **Rating Changes:** S&P upgraded its credit rating on Barmenco Holdings Pty Ltd. (Barmenco) to "B-" from "SD", and its senior unsecured notes rating to "B-" from "D", following S&P's view that although the totality of the buybacks to date are viewed as a de-facto restructuring, the reduction in debt has somewhat reduced the company's refinancing risk. The outlook is stable. S&P upgraded its credit

rating on Victoria Power Networks (Finance) Pty. Ltd. (VPNF) to “A-“ from “BBB+” with a stable outlook. The upgrade was in view that VPNF has high cash flow visibility until December 2020 on the back of the regulatory reset decision in May 2016 for both entities and their efficient operating cost base. Together with resetting of interest rate hedges for VPNF’s debt portfolio, VPNF’s funds from operations (FFO) to debt is likely to be about 12-13% over the next two to three years. S&P has placed Crown Resorts’ “BBB” crediting rating on CreditWatch with negative implications. The decision follows Crown’s announcement of demerger plans and other potential structural changes. The proposed demerger would reduce Crown’s diversification and scale. In the case of successful demerger, S&P would either affirm or cut its rating by one notch. Similarly, the same announcement led to Moody’s decision to place Crown Resort’s credit rating of “Baa2” on review for downgrade. Fitch revised its rating outlook for Mitsubishi UFJ Financial Group & its subsidiaries, Sumitomo Mitsu Financial Group, Inc. & its subsidiaries, Mizuho Financial Group, Inc. & its subsidiaries, The Shizuoka Bank, Ltd., Nomura Holdings, Inc. (Nomura) & its subsidiaries and Daiwa Securities Group Inc. (Daiwa) & its subsidiaries to negative from stable. At the same time, Fitch also affirmed all credit ratings. The outlook revision for the financial institutions follows the affirmation of Japan’s sovereign rating of “A” and its revision of outlook to negative from stable on 13 June, 2016.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.569	-0.04%	USD-SGD	1.3488	-0.28%
USD-JPY	104.260	-1.65%	EUR-SGD	1.5141	-0.58%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2937	1.41%
AUD-USD	0.7363	-0.59%	GBP-SGD	1.9158	-0.29%
GBP-USD	1.4203	-0.01%	AUD-SGD	0.9928	-0.92%
USD-MYR	4.1000	0.05%	NZD-SGD	0.9501	-0.13%
USD-CNY	6.5915	0.15%	CHF-SGD	1.3978	-0.65%
USD-IDR	13375	0.15%	SGD-MYR	3.0349	0.34%
USD-VND	22313	-0.01%	SGD-CNY	4.8705	0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3530	--	O/N	0.3850	--
2M	-0.3030	--	1M	0.4461	--
3M	-0.2620	--	2M	0.5382	--
6M	-0.1590	--	3M	0.6564	--
9M	-0.0890	--	6M	0.9429	--
12M	-0.0210	--	12M	1.2653	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.85	5.60	3.42
Italy	0.10	1.50	1.54
Ireland	-0.35	2.90	0.93
Greece*	11.39	15.80	8.35
Spain	0.06	2.50	1.60
Russia^	2.72	-2.50	4.81

* 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	17,733.10	92.90
S&P	2,077.99	6.50
Nasdaq	4,844.92	10.00
Nikkei 225	15,434.14	-485.40
STI	2,751.56	-22.70
KLCI	1,614.90	-13.10
JCI	4,814.39	-0.40
Baltic Dry	598.00	-6.00
VIX	19.37	-0.80

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.96 (-0.03)	0.69 (+0.02)
5Y	1.49 (-0.04)	1.09 (+0.02)
10Y	1.99 (-0.06)	1.58 (+0.01)
15Y	2.28 (-0.04)	--
20Y	2.36 (-0.04)	--
30Y	2.44 (-0.04)	2.40 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	28.11	1.81
EURIBOR-OIS	9.00	0.30
TED	39.23	-0.98

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	46.21	-3.75%	Coffee (per lb)	1.395	0.94%
Brent (per barrel)	47.19	-3.63%	Cotton (per lb)	0.6330	1.12%
Heating Oil (per gallon)	1.423	-3.71%	Sugar (per lb)	0.1968	-0.40%
Gasoline (per gallon)	1.47	-2.40%	Orange Juice (per lb)	1.6605	2.25%
Natural Gas (per MMBtu)	2.58	-0.58%	Cocoa (per mt)	3,059	-3.20%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,535.0	-2.25%	Wheat (per bushel)	4.7250	-1.05%
Nickel (per mt)	8,841	-1.93%	Soybean (per bushel)	11.345	-1.86%
Aluminium (per mt)	1,597.0	-1.40%	Corn (per bushel)	4.2525	-0.87%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,296.1	0.80%	Crude Palm Oil (MYR/MT)	2,441.0	1.75%
Silver (per oz)	17.607	0.59%	Rubber (JPY/KG)	150.6	-0.66%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
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 07:50	JN Foreign Buying Japan Stocks	Jun-10	--	¥128.3b	¥97.8b	¥97.5b
06/16/2016 09:30	AU Employment Change	May	15.0k	17.9k	10.8k	0.8k
06/16/2016 09:30	AU Unemployment Rate	May	5.70%	5.70%	5.70%	--
06/16/2016 09:30	AU Full Time Employment Change	May	--	0.0k	-9.3k	-18.2k
06/16/2016 09:30	AU Participation Rate	May	64.90%	64.80%	64.80%	--
06/16/2016 09:30	AU New Motor Vehicle Sales MoM	May	--	-1.10%	-2.50%	-2.80%
06/16/2016 09:30	AU New Motor Vehicle Sales YoY	May	--	1.70%	2.40%	2.20%
06/16/2016 09:30	AU RBA FX Transactions Market	May	--	909m	946m	--
06/16/2016 10:45	JN BOJ Basic Balance Rate	Jun-16	--	0.10%	0.10%	--
06/16/2016 10:45	JN BOJ Policy Rate	Jun-16	-0.10%	-0.10%	-0.10%	--
06/16/2016 12:00	JN Tokyo Condominium Sales YoY	May	--	-14.10%	-13.50%	--
06/16/2016 14:00	EC EU27 New Car Registrations	May	--	16.00%	9.10%	--
06/16/2016 16:30	UK Retail Sales Ex Auto Fuel YoY	May	3.80%	5.70%	4.20%	4.80%
06/16/2016 16:30	HK Unemployment Rate SA	May	3.40%	3.40%	3.40%	--
06/16/2016 17:00	EC CPI MoM	May	0.30%	0.40%	0.00%	--
06/16/2016 17:00	EC CPI YoY	May F	-0.10%	-0.10%	-0.10%	--
06/16/2016 17:00	EC CPI Core YoY	May F	0.80%	0.80%	0.80%	--
06/16/2016 18:01	ID BI Reference Rate	Jun-16	6.75%	6.50%	6.75%	--
06/16/2016 18:01	ID BI 7D Reverse Repo	Jun-16	5.50%	5.25%	5.50%	--
06/16/2016 19:00	UK Bank of England Bank Rate	Jun-16	0.50%	0.50%	0.50%	--
06/16/2016 19:00	UK BOE Asset Purchase Target	Jun	375b	375b	375b	--
06/16/2016 20:30	CA Int'l Securities Transactions	Apr	--	15.52b	17.17b	17.05b
06/16/2016 20:30	US Current Account Balance	1Q	-\$125.0b	-\$124.7b	-\$125.3b	-\$113.4b
06/16/2016 20:30	US Initial Jobless Claims	Jun-11	270k	277k	264k	--
06/16/2016 20:30	US Continuing Claims	Jun-04	2140k	2157k	2095k	2112k
06/16/2016 20:30	US Phil Fed Business Outlook	Jun	1	4.7	-1.8	--
06/16/2016 20:30	US CPI MoM	May	0.30%	0.20%	0.40%	--
06/16/2016 20:30	US CPI YoY	May	1.10%	1.00%	1.10%	--
06/16/2016 20:30	US CPI Ex Food and Energy YoY	May	2.20%	2.20%	2.10%	--
06/17/2016 06:30	NZ BusinessNZ Mfg PMI	May	--	57.1	56.5	56.6
06/17/2016 08:30	SI NODX YoY	May	-1.60%	11.60%	-7.90%	--
06/17/2016 15:30	TH Foreign Reserves	Jun-10	--	--	\$178.0b	--
06/17/2016 16:00	IT Trade Balance Total	Apr	--	--	5365m	--
06/17/2016 20:30	US Housing Starts	May	1150k	--	1172k	--
06/17/2016 20:30	US Building Permits	May	1145k	--	1116k	1130k
06/17/2016 20:30	CA CPI NSA MoM	May	0.50%	--	0.30%	--
06/17/2016 20:30	CA CPI YoY	May	1.60%	--	1.70%	--
06/17/2016 20:30	CA CPI Core MoM	May	0.30%	--	0.20%	--
06/17/2016 20:30	CA CPI Core YoY	May	2.10%	--	2.20%	--
06/17/2016	HK Composite Interest Rate	May	--	--	0.26%	--

Source: Bloomberg

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