

### Highlights

<b>Global</b>	<p>Global risk appetite continued to recover on Friday, prompting the Dow to another record close amid the third straight week of rally. Even China's 2Q16 GDP growth print of 6.7% and news of an attempted military coup in Turkey may not prove sufficient deterrents to the resurgent risk sentiments beyond the short-term. Market attention will turn to the ECB meeting on Thursday where it is uncertain if they will pull the trigger for fresh stimulus, and even a static policy outcome may not douse market enthusiasm that Draghi will hint at further monetary stimulus to come in September when fresh forecasts are available. Today's economic data calendar is very light with only US' NAHB housing market index. BI also meets on Thursday but is likely static for now.</p>
<b>US</b>	<p>A somewhat strong set of economic data fuelled market sentiments on Friday. Retail sales accelerated from a downwardly revised +0.2% mom in May to +0.6% in June, which beat market anticipation for +0.1%. Retail sales excluding auto also surged 0.7% mom in June, after a 0.4% gain in May, suggesting that consumers were spending more and could have lifted 2Q16 GDP growth estimates. However, the University of Michigan sentiment slipped from 93.5 in June to a 3-month low of 89.5 in June, as consumer expectations slumped from 82.4 to 77.1 (low since September 2014) and the current conditions gauge also slipped from 110.8 to 108.7 post-Brexit. Note the 1-year inflation gauge rose from 2.6% to 2.8%. Industrial production also surged 0.6% in June, the most in a year and pointing that the manufacturing slump may have ended. Capacity utilization also improved from 74.9% to 75.4% during the same period. May business inventories rose 0.2%, faster than April's +0.1%. That said, the Empire manufacturing deteriorated from 6.01 in June to 0.55 in July, likely reflecting a post-Brexit softening in new orders which fell from +10.9 to -1.8, even though the six-months outlook was slightly more optimistic. Meanwhile, June CPI increased 0.2% mom (+1.0% yoy) for the second month in May, amid rising shelter and energy prices.</p>
<b>EZ</b>	<p>Eurozone's CPI rose 0.2% mom in June as expected, down from +0.4% in May, but was largely lifted by oil prices and may fade in July.</p>
<b>Singapore</b>	<p>Retail sales rose more than expected by 3.0% yoy (+1.1%b mom sa) in May, up from a downwardly revised +3.2% yoy (+0.4% mom sa) in April. The key driver was motor vehicle sales which surged 35.9% yoy but slipped 1.9% mom sa. Excluding autos, however, retail sales actually continued to contract by 3.3% yoy in May, albeit this was milder than the revised 3.8% decline in April. Retail sales were generally lower on-year except for furniture &amp; household equipment (+3.1% yoy) and medical goods &amp; toiletries (+1.9% yoy). With the Great Singapore Sale and the recent loosening of the car loans, retail sales are likely to stay in positive on-year growth territory, but it is likely that motor vehicle sales will remain the key driver of retail sales in the near-term.</p>

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## Major Market

- **Singapore:** Meanwhile, private residential sales fell from a revised 1,058 in May to 536 units in June, the lowest since February, amid a lull in new project launches even as prices declined for the 11th straight quarter (longest slump). We expect that the private residential property market is likely to remain soft in 2H16. The STI added 0.63% to close at 2925.35 on Friday and may consolidate today amid Wall Street's Friday gains and morning slippage by Kospi. The STI's resistance is tipped at 2940 with support at 2900. The SGS bond yield curve steepened and may remain vulnerable to the broad selloff in the US Treasury bond market following upbeat US retail sales and manufacturing data releases. Non-oil domestic exports (NODX) fell 2.3% in June, albeit at a slow pace vs market expectation of -3.0%. Amongst export products, the contraction in non-electronic exports outpaced those belonging to the electronic space, specifically in electrical machinery (-33%), primary chemicals (-30.5%) and petrochemical chemicals (-15.6%). Electronic exports declined with exports of PCs (-29%), disk drives (-26.9%), and parts of PCs (-8.5%). Across destinations, Indonesia clocked the largest contraction (-15.9%), followed by China (-9.9%), though the pickup in export growth to Taiwan (+23%), South Korea (+6.2%) and US (+5.9%) limited the overall losses
- **China:** GDP grew 6.7% yoy in 2Q16, slightly beating the expectation of 6.6% yoy. Growth is stable this year even though the economic downward pressure is still relatively large. Money supply M2 grew 11.8% yoy in June, exceeding the expectation of 11.4% yoy. Industrial production grew 6.2% yoy in June, higher than the expectation of 5.9% yoy.
- **Indonesia:** Various state-owned companies are reportedly preparing bond sales to absorb tax amnesty funds. These include oil-and-gas giant, Pertamina as well as construction companies Jasa Marga and Waskita Karya. Separately, Bank Indonesia said that it sees risk that tax amnesty may pose risk of financial asset bubble, and that it sees need for REITs and property sector to reduce that risk.
- **Commodities:** Another risk-taking session was seen on Friday, typically with gold falling to \$1,327.4/oz, its second consecutive week of decline after Britain's vote to exit the European Union. Gold also saw a knee-jerk climb in the late hours of the Friday given the first hints of the Turkish coup which eventually failed after the civilian crowds took on the streets to support their president. Crude oil was also relatively unscathed after the failed coup, despite Turkey's role as a major transit country for energy given its geographical location between Russia and the Mediterranean. Amid a rather slow news day in Asia trading hours today, we perceive the commodities market to range-trade with gold and crude oil to stay around its \$1,330/oz and \$46/bbl handle respectively.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened last Friday as the short-end rates traded 2-3bps lower while the belly-to-long-end rates traded 1-2bps lower. Flows in the SGD corporates were heavy with better buying seen in STANLN 4.4%'26s while mixed interests were seen in OLAMSP 6%'22s, NAB 4.15%'28s and GEMAU 5.5%'19s. In the broader dollar space, the spread on JACI IG corporates remains relatively unchanged at 218bps while the yield on JACI HY corporates increased by 1bps to 6.46%. 10y UST yield increased by 1bps to 1.55%, seeing a 19bps w/w increase over the record lows seen the previous Friday.
- **New Issues:** China Minmetals Corp has scheduled investor meetings from today onwards for potential USD bond issuance with expected ratings of "NR/Baa1/BBB+". China Railway Group has scheduled investor meetings from today onwards for potential USD bond issuance with expected ratings of "NR/A3/A-". Greenland Hong Kong Holdings Ltd. has scheduled investor meetings from today onwards for potential USD bond issuance with expected ratings of "B+/Ba3/BB+".

- **Rating Changes:** S&P upgraded China Metallurgical Group Corp's (MCC) corporate credit rating to "BBB" from "BBB-" with stable outlook. The upgrade reflects S&P's views that MCC is now a core subsidiary of China Minmetals Corp, while government extraordinary support will continue to extend to MCC through the parent if needed. Moody's assigned first-time issuer rating of "A3" to China Railway Group Ltd (CRG) with negative outlook. The rating assigned incorporates its standalone credit strength, and a three-notch uplift, based on Moody's expectation that the company will receive strong support from its parent, China Railway Engineering Corp, in times of stress.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.580	0.52%	<b>USD-SGD</b>	1.3479	0.41%
<b>USD-JPY</b>	104.880	-0.45%	<b>EUR-SGD</b>	1.4864	-0.40%
<b>EUR-USD</b>	1.1132	0.00%	<b>JPY-SGD</b>	1.2858	0.91%
<b>AUD-USD</b>	0.7578	-0.71%	<b>GBP-SGD</b>	1.7768	-0.79%
<b>GBP-USD</b>	1.3192	-1.13%	<b>AUD-SGD</b>	1.0213	-0.29%
<b>USD-MYR</b>	3.9457	-0.02%	<b>NZD-SGD</b>	0.9594	-0.73%
<b>USD-CNY</b>	6.6935	0.15%	<b>CHF-SGD</b>	1.3720	0.26%
<b>USD-IDR</b>	13096	0.18%	<b>SGD-MYR</b>	2.9350	0.11%
<b>USD-VND</b>	22301	0.00%	<b>SGD-CNY</b>	4.9662	-0.31%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	18,516.55	10.10
<b>S&amp;P</b>	2,161.74	-2.00
<b>Nasdaq</b>	5,029.59	-4.50
<b>Nikkei 225</b>	16,497.85	112.00
<b>STI</b>	2,925.35	18.40
<b>KLCI</b>	1,668.40	13.60
<b>JCI</b>	5,110.18	26.60
<b>Baltic Dry</b>	745.00	7.00
<b>VIX</b>	12.67	-0.20

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	0.4152	0.0030
<b>2M</b>	-0.3300	0.0030	<b>1M</b>	0.4833	0.0012
<b>3M</b>	-0.2930	0.0020	<b>2M</b>	0.5705	0.0062
<b>6M</b>	-0.1870	0.0030	<b>3M</b>	0.6879	0.0087
<b>9M</b>	-0.1230	0.0040	<b>6M</b>	0.9938	0.0105
<b>12M</b>	-0.0570	0.0040	<b>12M</b>	1.3083	0.0103

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	0.93 (--)	0.67 (-0.01)
<b>5Y</b>	1.32 (-0.03)	1.10 (+0.01)
<b>10Y</b>	1.73 (-0.01)	1.55 (+0.02)
<b>15Y</b>	2.04 (+0.01)	--
<b>20Y</b>	2.13 (+0.01)	--
<b>30Y</b>	2.26 (+0.02)	2.27 (+0.01)

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
<b>Portugal</b>	0.72	1.30	3.13
<b>Italy</b>	-0.05	0.20	1.26
<b>Ireland</b>	-0.42	0.60	0.50
<b>Greece*</b>	7.41	9.40	7.84
<b>Spain</b>	-0.12	0.00	1.23
<b>Russia^</b>	2.22	2.50	4.29

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	28.65	-0.61
<b>EURIBOR-OIS</b>	5.20	-1.10
<b>TED</b>	38.78	1.90

\* 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)	45.95	0.59%	Coffee (per lb)	1.457	-3.06%
Brent (per barrel)	47.61	0.51%	Cotton (per lb)	0.7386	0.05%
Heating Oil (per gallon)	1.397	-0.64%	Sugar (per lb)	0.1931	-3.01%
Gasoline (per gallon)	1.42	0.57%	Orange Juice (per lb)	1.8385	-0.19%
Natural Gas (per MMBtu)	2.756	1.06%	Cocoa (per mt)	3,065	-4.13%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,918.0	-0.47%	Wheat (per bushel)	4.2475	0.71%
Nickel (per mt)	10,239	-0.78%	Soybean (per bushel)	10.725	-3.51%
Aluminium (per mt)	1,655.0	-0.97%	Corn (per bushel)	3.5225	-2.76%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,327.4	-0.36%	Crude Palm Oil (MYR/MT)	2,298.0	0.79%
Silver (per oz)	20.125	-0.77%	Rubber (JPY/KG)	173.5	2.06%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 12 Jul 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Cotton	79,703	60,824	18,879	Corn	126,375	212,681	-86,306
Platinum	43,035	36,837	6,198	Gold	329,268	347,745	-18,477
Copper	-14,251	-19,487	5,236	Soybean	188,809	204,390	-15,581
Cocoa	43,160	39,827	3,333	Lean Hogs	78,391	90,460	-12,069
Silver	90,135	87,562	2,573	Wheat	-102,444	-93,657	-8,787
Coffee	42,526	40,026	2,500	Nymex Crude	341,182	346,062	-4,880
Palladium	8,544	7,016	1,528	Live Cattle	28,102	32,088	-3,986
Heating Oil	16,755	15,436	1,319	Natural Gas	-140,107	-136,771	-3,336
RBOB Gasoline	49,686	51,814	-2,128	Sugar	320,975	323,676	-2,701

Source: CFTC

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
07/15/2016 05:30	NZ REINZ House Sales YoY	Jun	--	6.00%	13.60%	--
07/15/2016 09:55	ID Exports YoY	Jun	-12.65%	-4.42%	-9.75%	-9.73%
07/15/2016 10:00	CH Industrial Production YoY	Jun	5.90%	6.20%	6.00%	--
07/15/2016 10:00	CH Industrial Production YTD YoY	Jun	5.90%	6.00%	5.90%	--
07/15/2016 10:00	CH Retail Sales YoY	Jun	9.90%	10.60%	10.00%	--
07/15/2016 10:00	CH Fixed Assets Ex Rural YTD YoY	Jun	9.40%	9.00%	9.60%	--
07/15/2016 10:00	CH GDP YTD YoY	2Q	6.60%	6.70%	6.70%	--
07/15/2016 10:00	CH GDP YoY	2Q	6.60%	6.70%	6.70%	--
07/15/2016 10:02	CH New Yuan Loans CNY	Jun	1000.0b	1380.0b	985.5b	--
07/15/2016 10:02	CH Money Supply M2 YoY	Jun	11.40%	11.80%	11.80%	--
07/15/2016 10:02	CH Money Supply M1 YoY	Jun	22.60%	24.60%	23.70%	--
07/15/2016 10:14	ID Imports YoY	Jun	-10.91%	-7.41%	-4.12%	-4.07%
07/15/2016 10:15	ID Trade Balance	Jun	\$212m	\$900m	\$376m	\$374m
07/15/2016 13:00	SI Retail Sales SA MoM	May	1.30%	1.40%	1.10%	0.40%
07/15/2016 13:00	SI Retail Sales YoY	May	1.90%	3.00%	3.80%	3.20%
07/15/2016 13:21	PH Overseas Remittances YoY	May	4.80%	1.90%	4.10%	--
07/15/2016 13:21	PH Overseas Workers Remittances	May	\$2250m	\$2188m	\$2213m	--
07/15/2016 14:00	EC EU27 New Car Registrations	Jun	--	6.90%	16.00%	--
07/15/2016 15:30	TH Foreign Reserves	Jul-08	--	\$179.2b	\$178.7b	--
07/15/2016 16:00	IT Trade Balance Total	May	--	5033m	4520m	4511m
07/15/2016 17:00	EC CPI MoM	Jun	0.20%	0.20%	0.40%	--
07/15/2016 17:00	EC CPI YoY	Jun F	0.10%	0.10%	0.10%	--
07/15/2016 17:00	EC CPI Core YoY	Jun F	0.90%	0.90%	0.90%	--
07/15/2016 20:30	CA Manufacturing Sales MoM	May	-0.80%	-1.00%	1.00%	--
07/15/2016 20:30	US Retail Sales Advance MoM	Jun	0.10%	0.60%	0.50%	0.20%
07/15/2016 20:30	US Retail Sales Ex Auto MoM	Jun	0.40%	0.70%	0.40%	--
07/15/2016 20:30	US Retail Sales Ex Auto and Gas	Jun	0.30%	0.70%	0.30%	0.20%
07/15/2016 20:30	US CPI MoM	Jun	0.30%	0.20%	0.20%	--
07/15/2016 20:30	US CPI Ex Food and Energy MoM	Jun	0.20%	0.20%	0.20%	--
07/15/2016 20:30	US CPI YoY	Jun	1.10%	1.00%	1.00%	--
07/15/2016 20:30	US CPI Ex Food and Energy YoY	Jun	2.20%	2.30%	2.20%	--
07/15/2016 20:30	US Empire Manufacturing	Jul	5	0.55	6.01	--
07/15/2016 20:34	IN Imports YoY	Jun	--	-7.30%	-13.20%	--
07/15/2016 20:34	IN Exports YoY	Jun	--	1.30%	-0.80%	--
07/15/2016 21:15	US Industrial Production MoM	Jun	0.30%	0.60%	-0.40%	-0.30%
07/15/2016 21:15	US Capacity Utilization	Jun	75.10%	75.40%	74.90%	--
07/15/2016 22:00	US U. of Mich. Sentiment	Jul P	93.5	89.5	93.5	--
07/18/2016 06:45	NZ CPI QoQ	2Q	0.50%	0.40%	0.20%	--
07/18/2016 06:45	NZ CPI YoY	2Q	0.50%	0.40%	0.40%	--
07/18/2016 07:01	UK Rightmove House Prices MoM	Jul	--	-0.90%	0.80%	--
07/18/2016 07:01	UK Rightmove House Prices YoY	Jul	--	4.50%	5.50%	--
07/18/2016 08:30	SI Non-oil Domestic Exports YoY	Jun	-3.00%	--	11.60%	--
07/18/2016 08:30	SI Non-oil Domestic Exports SA	Jun	-12.80%	--	16.80%	--
07/18/2016 20:30	CA Int'l Securities Transactions	May	--	--	15.52b	--
07/18/2016 07/22	PH Budget Balance PHP	May	--	--	55.0b	--

Source: Bloomberg

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