

Highlights

Global	<p>Global risk appetite remained divergent as the Brexit campaigning wrapped up and opinion polls remained too close to call either way, albeit the GBP edged higher on Remain hopes. Yesterday, BOT kept its policy rate static at 1.5% as widely anticipated. Meanwhile Fed chair Yellen reiterated her cautious comments whilst the IMF pared the US growth forecast from 2.4% to 2.2% for 2016 with the 2017 unchanged at 2.5% and advocated that the Fed proceed on a “very gradual” path and “should accept some modest, temporary overshooting of the Fed’s inflation goal to allow inflation to approach the Fed’s 2% medium-term target from above”. While awaiting the Brexit referendum results, Asian markets are likely to trade sideways today. The economic calendar comprises of US’ new home sales, initial jobless claims, Markit manufacturing PMI, Chicago Fed national activity index and leading index, Eurozone’s services and composite PMIs, Japan’s Nikkei PMI and S’pore’s CPI (our forecast: -1.0% yoy and +0.1% mom nsa, with core CPI at +1.3% yoy). BSP’ policy decision is also likely to be unchanged at 3%.</p>
US	<p>Existing home sales rose 1.8% mom to a 5.53m annual pace (highest since February 2007) in May, in line with market expectations and up from a revised +1.3% mom at 5.43m in April. The median price of an existing home also rose 4.7% yoy to a record US\$239.7k as inventories fell 5.7% yoy to 2.15m units, which is equivalent to 4.7 months of supply. First-time buyers contributed 30% of total sales. Meanwhile, the FHFA house price index slowed to +0.2% mom in April, versus a revised +0.8% gain in March.</p>
Singapore	<p>MAS will include CNY investments as part of official foreign reserves. The announcement is more symbolic of the close bilateral ties, and the growing economic significance of both the Chinese economy and CNY-denominated investment assets. Timing-wise, it comes ahead of the announced inclusion of the CNY in the IMF SDR currency basket from 1 Oct 2016. From the market perspective, it is a timely vote of confidence as broad CNY sentiments are soft right now. As such, it could help bolster bilateral relations. No immediate impact on the reserves is anticipated and longer-term implications would then depend on the medium-term CNY prospects. MAS had said CNY assets were already part of MAS’ foreign assets. Separately, COE premiums for categories A, B and E were higher across the board in the latest tender.</p>
Indonesia	<p>Finance Minister Bambang Brodjonegoro said that Brexit referendum outcome will have limited impact on Indonesia. Though he admitted that “Even the smallest change has the potential to disturb the financial sector on an unpredictable scale... Indonesia is only a small part of the global financial system.”</p>
Thai-land	<p>BOT kept interest rate unchanged at 1.50% with once again an unanimous vote by all its committee members, citing uncertainty over the Brexit referendum. Still, it maintained economic growth forecast of 3.1% this year, while downgrading export growth to -2.5% (-0.5%) and 2017’s growth outlook to 3.2% (-0.1%).</p>
Commo-dities	<p>Easing Brexit fears dragged bullion prices even lower last night, with gold closing at \$1,268/oz. In contrast, crude oil gained 0.57% to \$49.13/bbl and gained even further to \$49.45/bbl in early morning today, the highest in almost two weeks. Still, do expect market-watchers to stay on the sidelines as we approach the start of the Brexit referendum vote at 2pm SGT.</p>

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Major Market

- **US:** Equity fluctuated sideways as markets looked gingerly across the Atlantic at the upcoming Brexit vote. S&P, Dow and Nasdaq edged lower after two days of gains by 0.17%, 0.27% and 0.22% respectively. US Treasuries rose after successive sessions of losses, with yields lower at 0.74% for the 2-year note, and 1.69% for the 10-year note. Elsewhere, VIX notched strong gains, rising 14.56% to close at 21.17.
- **Singapore:** The STI extended declines by 0.12% to close at 2786.13 yesterday, and may continue to tread water as market players await the Brexit referendum results. Given overnight modest slippage in Wall Street but a mixed performance by Kospi and ASX, the STI could similarly range trade today, with support and resistance tipped at 2760 and 2800. SGS bond yields may likely stay range bound as well.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with the short term rates traded 3bps lower, while the belly-to-long-end rates traded 1-2bps lower. Flows in the SGD corporates were fairly quiet with only better buying seen in MFCCN 3.85%'26s as investors stayed cautious ahead of the UK referendum to be held later today. Similarly, in the broader dollar space, the spread on JACI IG and HY corporates remained relatively unchanged at 228bps and 6.98% respectively. 10y UST yields decreased by 2bps to 1.69%.
- **New Issues:** Astrea III Pte. Ltd. (Singapore) priced a 4-tranche USD/SGD bond deal, with the SGD228mn scheduled 3-year (Final maturity – 10years) Class A1 notes priced at 3.9% with expected ratings of “A/NR/A”. The USD170mn scheduled 5-year (Final maturity – 10years) Class A2 notes was priced at 4.65% with expected ratings of “NR/NR/A”. The USD100mn 10-year Class B notes was priced at 6.5% with expected ratings of “NR/NR/BBB”. The USD70mn 10-year Class C notes was priced at 9.25% with no credit ratings by S&P/Moody's/Fitch. Yunnan Metropolitan has scheduled investor road shows from 23 June, 2016 onwards for a potential USD bond issuance.
- **Rating Changes:** S&P downgraded its long term credit rating on Power Construction Corp. of China (PCC) to “BBB+” from “A-“. The downgrade reflects PCC's deteriorated credit metrics in 2015, which is worse than S&P's forecast, due to large capital expenditure and a build-up in its property inventory. This resulted in an increase in its ratio of debt to EBITDA to 5.7x in 2015 from 4.4x in 2014, with its EBITDA interest coverage ratio falling to 2.3x from 3.3x. The outlook is stable, reflecting S&P's expectation that PCC's revenue and profit will grow steadily over the next 12-24 months, and that PCC's interest serving capacity will stabilize due to a favourable interest rate environment.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.716	-0.32%	USD-SGD	1.3384	-0.34%
USD-JPY	104.410	-0.32%	EUR-SGD	1.5119	0.14%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2818	-0.05%
AUD-USD	0.7501	0.68%	GBP-SGD	1.9685	0.02%
GBP-USD	1.4707	0.38%	AUD-SGD	1.0039	0.31%
USD-MYR	4.0353	0.06%	NZD-SGD	0.9588	0.21%
USD-CNY	6.5784	-0.19%	CHF-SGD	1.3963	0.01%
USD-IDR	13283	0.27%	SGD-MYR	3.0066	-0.06%
USD-VND	22306	0.02%	SGD-CNY	4.9096	0.00%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3580	--	O/N	0.3901	--
2M	-0.3060	--	1M	0.4508	--
3M	-0.2660	--	2M	0.5339	--
6M	-0.1590	--	3M	0.6419	--
9M	-0.0940	--	6M	0.9312	--
12M	-0.0290	--	12M	1.2525	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.78	0.40	3.15
Italy	0.02	0.50	1.44
Ireland	-0.27	-0.90	0.77
Greece*	8.11	-86.10	7.99
Spain	-0.01	0.40	1.50
Russia^	2.48	-2.10	4.68

* 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	17,780.83	-48.90
S&P	2,085.45	-3.50
Nasdaq	4,833.32	-10.40
Nikkei 225	16,065.72	-103.40
STI	2,786.13	-3.30
KLCI	1,637.69	--
JCI	4,896.85	18.10
Baltic Dry	585.00	5.00
VIX	21.17	2.70

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.01 (-0.02)	0.74 (-0.02)
5Y	1.54 (-0.05)	1.20 (--)
10Y	2.03 (-0.06)	1.69 (-0.02)
15Y	2.33 (-0.05)	--
20Y	2.40 (-0.05)	--
30Y	2.51 (-0.03)	2.50 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	25.08	-0.93
EURIBOR-OIS	8.43	0.13
TED	37.63	0.34

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.13	0.57%	Coffee (per lb)	1.370	-1.12%
Brent (per barrel)	49.88	-1.46%	Cotton (per lb)	0.6294	0.14%
Heating Oil (per gallon)	1.505	-0.78%	Sugar (per lb)	0.1904	-1.04%
Gasoline (per gallon)	1.59	-0.30%	Orange Juice (per lb)	1.6420	-0.55%
Natural Gas (per MMBtu)	2.677	-3.29%	Cocoa (per mt)	3,205	0.31%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,701.0	0.66%	Wheat (per bushel)	4.5875	0.05%
Nickel (per mt)	9,199	0.43%	Soybean (per bushel)	11.375	0.38%
Aluminium (per mt)	1,628.8	--	Corn (per bushel)	3.9300	-0.82%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,268.0	-0.20%	Crude Palm Oil (MYR/MT)	2,431.0	--
Silver (per oz)	17.312	-0.04%	Rubber (JPY/KG)	159.0	-0.62%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
06/22/2016 08:30	TA Unemployment Rate	May	3.95%	3.96%	3.97%	--
06/22/2016 08:30	AU Westpac Leading Index MoM	May	--	0.21%	0.24%	0.14%
06/22/2016 11:00	NZ Credit Card Spending YoY	May	--	5.90%	9.10%	--
06/22/2016 15:30	TH BoT Benchmark Interest Rate	Jun-22	1.50%	1.50%	1.50%	--
06/22/2016 16:00	SI COE Open Bid Cat A	Jun-22	--	55200	53694	--
06/22/2016 16:00	SI COE Open Bid Cat B	Jun-22	--	57010	56000	--
06/22/2016 19:00	US MBA Mortgage Applications	Jun-17	--	2.90%	-2.40%	--
06/22/2016 20:30	CA Retail Sales MoM	Apr	0.80%	0.90%	-1.00%	-0.80%
06/22/2016 20:30	CA Retail Sales Ex Auto MoM	Apr	0.70%	1.30%	-0.30%	-0.10%
06/22/2016 21:00	US FHFA House Price Index MoM	Apr	0.60%	0.20%	0.70%	0.80%
06/22/2016 22:00	EC Consumer Confidence	Jun A	-7	-7.3	-7	--
06/22/2016 22:00	US Existing Home Sales	May	5.55m	5.53m	5.45m	5.43m
06/22/2016 22:00	US Existing Home Sales MoM	May	1.80%	1.80%	1.70%	1.30%
06/23/2016 10:00	JN Nikkei Japan PMI Mfg	Jun P	--	--	47.7	--
06/23/2016 13:00	SI CPI NSA MoM	May	0.00%	--	-0.10%	--
06/23/2016 13:00	SI CPI YoY	May	-0.80%	--	-0.50%	--
06/23/2016 13:00	JN Leading Index CI	Apr F	--	--	100.5	--
06/23/2016 14:45	FR Manufacturing Confidence	Jun	103	--	104	--
06/23/2016 15:00	FR Markit France Mfg PMI	Jun P	48.7	--	48.4	--
06/23/2016 15:00	FR Markit France Services PMI	Jun P	51.6	--	51.6	--
06/23/2016 15:00	FR Markit France Composite PMI	Jun P	51	--	50.9	--
06/23/2016 15:30	GE Markit Germany Mfg PMI	Jun P	52	--	52.1	--
06/23/2016 15:30	GE Markit Germany Services PMI	Jun P	55	--	55.2	--
06/23/2016 16:00	TA Industrial Production YoY	May	-1.20%	--	-4.06%	--
06/23/2016 16:00	PH BSP Overnight Rate	Jun-23	3.00%	--	3.00%	--
06/23/2016 16:00	IT Industrial Orders MoM	Apr	--	--	-3.30%	--
06/23/2016 16:00	IT Industrial Orders NSA YoY	Apr	--	--	0.10%	--
06/23/2016 16:00	EC Markit Eurozone Mfg PMI	Jun P	51.4	--	51.5	--
06/23/2016 16:00	EC Markit Eurozone Services PMI	Jun P	53.2	--	53.3	--
06/23/2016 20:30	US Chicago Fed Nat Activity Index	May	0.11	--	0.1	--
06/23/2016 20:30	US Initial Jobless Claims	Jun-18	270k	--	277k	--
06/23/2016 20:30	US Continuing Claims	Jun-11	2150k	--	2157k	--
06/23/2016 21:45	US Bloomberg Consumer Comfort	Jun-19	--	--	42.1	--
06/23/2016 21:45	US Markit US Manufacturing PMI	Jun P	50.9	--	50.7	--
06/23/2016 22:00	US New Home Sales	May	560k	--	619k	--
06/23/2016 22:00	US New Home Sales MoM	May	-9.50%	--	16.60%	--
06/23/2016 22:00	US Leading Index	May	0.10%	--	0.60%	--
06/23/2016	MU Visitor Arrivals	May	--	--	2471t	--
06/22/2016 06/24	PH Budget Balance PHP	Apr	--	--	-74.4b	--

Source: Bloomberg

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