

Highlights

Global	Market is paying attention to the results of Tokyo municipal elections, whereby PM Shinzo Abe's LDP party lost to an upstart Tomin First Party, which is led by Tokyo Governor Yuriko Koike yesterday. A number of scandals hitting the Japanese prime minister lately might have been responsible for the loss. While it does not yet threaten his hold on power at the national stage, market will be on the lookout for signs that the momentum for Abenomics reform might be sacrificed. Meanwhile, China's bond-connect program with Hong Kong is slated to start today. The program is designed to give offshore investors one way to access China's US\$10tn debt market.
US	Equity markets calmed somewhat on Friday after volatile trading in the few sessions before. The S&P 500 and Dow were higher by 0.15% and 0.29%, while the Nasdaq Composite closed marginally lower. Energy stocks rose after another positive session for crude oil. Consumer discretionary and industrials also supported gains. Financials slipped after registering strong gains earlier in the week. Overall, US equities saw a decent run in 1H 2017, with the S&P 500 gaining 8.2%. However, the outlook for 2H may get cloudier, with stretched valuations and slowing profit growth being the key concerns. Meanwhile, US Treasuries fell after weak personal income and spending data. 2y and 10y yields stood at 1.38% and 2.30% at NY close. Upcoming week will be a holiday shortened week for US markets. Note the comments by Bullard (Mon), release of June FOMC meeting minutes (Wed) and non-farm payrolls (Fri).
ID	Over the weekend, former US President Barack Obama visited Jakarta, his childhood home, whereby he delivered a speech on tolerance and respect in a forum for Indonesian diaspora. He and his family visited Bali and the ancient temples of Borobudur and Prambanan near Yogyakarta before the trip to Jakarta.
MA	Headline inflation for the month of May declined to 3.9%yoy, compared to April's 4.4%. Bank Negara said that the decline was brought by a lowering of fuel prices in May.
KR	An interest rate hike is inevitable in South Korea, according to a lawmaker in the country's incumbent government, the Democratic Party of Korea. Note that his comments mirrors governor Lee Ju-yeol's rhetoric earlier in June which stated that BOK could consider adjusting the amount of easing if the economic recovery continues.
Commodities	WTI rises above its \$45/bbl comfortably over the weekend, as market-watchers reacted to the surprise drop in US oil rig counts (the first decline in 24 weeks). Importantly, the increase in bearish bets on crude oil has decelerated starkly since May, which may suggest some investor fatigue in future amassment of short positions. Gold remains in bearish trend, led by another session of positive Wall Street gains.

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Major Markets

- **Singapore:** The STI index fell by 0.99% to close at 3,226.48. The index was dragged by Wilmar International Ltd (-3.74%), UOL Group Ltd (-3.54%) and ComfortDelGro Corp Ltd (-2.13%). However, gains by CapitaLand Commercial Trust (+0.61%), Jardine Matheson Holdings Ltd (+0.27%) and Singapore Telecommunications (+0.26%) cushioned the overall loss.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 1-6bps higher across longer tenors, while shorter tenors traded little changed. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, STHSP 3.95%-PERPs, LMRTSP 6.6%-PERPs and mixed interest seen in OLAMSP 4.25%'19s and WINGTA 4.08%-PERPs. In the broader dollar space, the spread on JACI IG Corporates fell by 3bps to 190bps while the yield on JACI HY Corporates fell by 2bps to 6.87%. 10y UST yields rose by 3bps to 2.31%, after results from the Chicago PMI and University of Michigan Sentiment exceeded analysts' estimates.
- **New Issues:** Shandong Yuhuang Chemical Co Ltd will hold an investor call on 3 Jul Co. to update the status of the cross-guarantee with Hongye Chemical.
- **Rating Changes:** S&P has affirmed Shanghai Electric Power Co Ltd's (SEP) 'BBB' long-term corporate credit rating with a negative outlook. S&P has also removed all the ratings from CreditWatch, where they were placed with negative implications. The rating action reflects S&P's expectation that SEP's proposed acquisition of a controlling stake in K-Electric Ltd (KE) will be overall credit negative should it move ahead. Furthermore, S&P anticipates that SEP will face difficulties in its domestic operations in the next 12 months due to pressure from high coal costs and slowing capacity addition. S&P has upgraded Seoul Guarantee Insurance Co's (SGIC) issuer ratings to 'A+' from 'A' with a stable outlook. The rating action reflects S&P's expectation that the government would continue to maintain its strong link to SGIC through Korea Deposit Insurance Corp's (KDIC) ownership in SGIC over the next one to two years. S&P has revised its rating outlook on Red Star Macalline Group Corp. Ltd. (RSM) to negative from stable, while affirming RSM's 'BBB' corporate credit rating. The rating action reflects S&P's expectation that RSM will keep its debt high to support growth opportunities in its real estate development business and the incremental cash flow from the real estate development projects is insufficient to offset the rising financial risk from its sizable increase in leverage. Moody's has downgraded Suntec Real Estate Investment Trust's (Suntec REIT) issuer rating to 'Baa3' from 'Baa2' with a stable outlook. In addition, Moody's has downgraded the backed senior unsecured ratings on the notes issued under the program (established by Suntec REIT MTN Pte Ltd, a wholly-owned subsidiary of Suntec REIT) to 'Baa3' from 'Baa2'. The rating action reflects Moody's view that Suntec REIT's weakened financial profile will not materially improve over the next 18-24 months.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.628	--	USD-SGD	1.3762	-0.22%
USD-JPY	112.390	0.19%	EUR-SGD	1.5725	-0.35%
EUR-USD	1.1426	-0.13%	JPY-SGD	1.2248	-0.38%
AUD-USD	0.7689	0.08%	GBP-SGD	1.7929	-0.06%
GBP-USD	1.3025	0.14%	AUD-SGD	1.0584	-0.13%
USD-MYR	4.2928	-0.02%	NZD-SGD	1.0088	0.20%
USD-CNY	6.7809	-0.09%	CHF-SGD	1.4346	-0.57%
USD-IDR	13348	0.14%	SGD-MYR	3.1188	0.13%
USD-VND	22731	-0.04%	SGD-CNY	4.9262	0.14%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1617	-0.0117
2M	-0.3420	--	1M	1.2239	-0.0033
3M	-0.3310	--	2M	1.2533	-0.0011
6M	-0.2710	-0.0010	3M	1.2992	0.0006
9M	-0.1970	0.0010	6M	1.4477	-0.0006
12M	-0.1560	--	12M	1.7384	-0.0011

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.22 (-0.01)	1.38 (+0.01)	-0.58 (-0.01)	-0.39 (-)	-0.13 (-)
5Y	1.51 (+0.01)	1.89 (+0.04)	-0.23 (-)	-0.05 (+0.01)	0.86 (-)
10Y	2.09 (+0.03)	2.30 (+0.04)	0.47 (+0.02)	0.81 (+0.01)	2.15 (+0.01)
15Y	2.27 (+0.03)	--	0.72 (+0.02)	1.17 (+0.02)	2.74 (+0.03)
20Y	2.38 (+0.03)	--	0.98 (+0.02)	1.48 (+0.01)	2.86 (+0.03)
30Y	2.44 (+0.03)	2.83 (+0.02)	1.24 (+0.02)	1.74 (+0.02)	3.29 (+0.02)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
26/07/2017	0.0%	0.7%	99.3%	0.0%	0.0%
20/09/2017	16.0%	0.6%	83.4%	16.0%	0.0%
01/11/2017	16.7%	0.6%	82.8%	16.5%	0.1%
13/12/2017	51.6%	0.3%	48.1%	44.5%	7.1%
31/01/2018	52.5%	0.3%	47.2%	44.6%	7.7%
21/03/2017	67.8%	0.2%	32.0%	45.4%	19.7%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	46.04	2.47%	Copper (per mt)	5,976.7	0.58%
Brent (per barrel)	47.92	1.05%	Nickel (per mt)	9,355.0	1.08%
Heating Oil (per gallon)	1.4755	2.04%	Aluminium (per mt)	1,910.5	0.20%
Gasoline (per gallon)	1.5152	1.99%			
Natural Gas (per MMBtu)	3.0350	-0.23%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,459.0	-0.41%
			Rubber (JPY/KG)	201.0	-2.14%
Precious Metals	Futures	% chg			
Gold (per oz)	1,242.3	-0.28%			
Silver (per oz)	16.627	-0.16%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,349.63	62.60
S&P	2,423.41	3.71
Nasdaq	6,140.42	-3.93
Nikkei 225	20,033.43	-186.87
STI	3,226.48	-32.17
KLCI	1,763.67	-7.69
JCI	5,829.71	--
Baltic Dry	901.00	-19.00
VIX	11.18	-0.26

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.63	0.06
EURIBOR-OIS	2.77	-0.09
TED	28.73	0.73

Government CDS (USD)

	5Y	% Change
Germany	15.495	4.45%
France	21.814	0.27%
Italy	145.616	0.31%

CFTC Commodities Futures and Options

For the week ended: 27 Jun 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Wheat	-11,730	-24,385	12,655	Corn	-61,311	-2,006	-59,305
RBOB Gasoline	38,857	34,156	4,701	Soybean	-113,144	-82,184	-30,960
Nymex Crude	377,620	375,887	1,733	Sugar	-52,906	-31,417	-21,489
Copper	13,549	12,782	767	Gold	132,157	151,586	-19,429
Lean Hogs	72,420	72,504	-84	Cotton	44,268	59,304	-15,036
Palladium	20,569	21,040	-471	Cocoa	-35,979	-21,496	-14,483
Platinum	10,482	11,702	-1,220	Natural Gas	-30,311	-17,472	-12,839
Live Cattle	156,803	160,870	-4,067	Silver	35,101	45,654	-10,553
Heating Oil	-5,919	-732	-5,187	Coffee	-33,927	-27,183	-6,744

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
06/30/2017	06:45	NZ Building Permits MoM	May	--	7.00%	-7.60%	-7.40%
06/30/2017	07:00	SK Industrial Production YoY	May	-0.20%	0.10%	1.70%	1.80%
06/30/2017	07:30	JN Jobless Rate	May	2.80%	3.10%	2.80%	--
06/30/2017	07:30	JN Job-To-ApPLICANT Ratio	May	1.48	1.49	1.48	--
06/30/2017	07:30	JN Natl CPI YoY	May	0.50%	0.40%	0.40%	--
06/30/2017	07:30	JN Tokyo CPI Ex-Fresh Food YoY	Jun	0.20%	0.00%	0.10%	--
06/30/2017	07:50	JN Industrial Production YoY	May P	6.90%	6.80%	5.70%	--
06/30/2017	09:00	CH Manufacturing PMI	Jun	51	51.7	51.2	--
06/30/2017	14:45	FR CPI YoY	Jun P	0.70%	0.70%	0.80%	--
06/30/2017	15:30	TH Foreign Reserves	Jun-23	--	\$184.4b	\$184.5b	--
06/30/2017	15:30	TH BoP Current Account Balance	May	\$2000m	\$1130m	\$2906m	--
06/30/2017	15:55	GE Unemployment Change (000's)	Jun	-10k	7k	-9k	-7k
06/30/2017	16:30	UK GDP YoY	1Q F	2.00%	2.00%	2.00%	--
06/30/2017	17:00	EC CPI Estimate YoY	Jun	1.20%	1.30%	1.40%	--
06/30/2017	20:30	US Personal Income	May	0.30%	0.40%	0.40%	0.30%
06/30/2017	20:30	CA GDP MoM	Apr	0.20%	0.20%	0.50%	--
06/30/2017	20:30	US Personal Spending	May	0.10%	0.10%	0.40%	--
06/30/2017	21:45	US Chicago Purchasing Manager	Jun	58	65.7	59.4	--
06/30/2017	22:00	US U. of Mich. Sentiment	Jun F	94.5	95.1	94.5	--
07/01/2017	08:00	SK Exports YoY	Jun	16.90%	13.70%	13.40%	13.30%
07/03/2017	07:50	JN Tankan Large Mfg Index	2Q	15	17	12	--
07/03/2017	07:50	JN Tankan Large Mfg Outlook	2Q	14	15	11	--
07/03/2017	07:50	JN Tankan Large Non-Mfg Index	2Q	23	23	20	--
07/03/2017	07:50	JN Tankan Large Non-Mfg Outlook	2Q	21	18	16	--
07/03/2017	07:50	JN Tankan Large All Industry Capex	2Q	7.20%	8.00%	0.60%	--
07/03/2017	08:30	ID Nikkei Indonesia PMI Mfg	Jun	--	--	50.6	--
07/03/2017	08:30	VN Nikkei Vietnam PMI Mfg	Jun	--	--	51.6	--
07/03/2017	08:30	JN Nikkei Japan PMI Mfg	Jun F	--	--	52	--
07/03/2017	08:30	SK Nikkei South Korea PMI Mfg	Jun	--	--	49.2	--
07/03/2017	08:30	TA Nikkei Taiwan PMI Mfg	Jun	--	--	53.1	--
07/03/2017	09:00	AU Melbourne Institute Inflation MoM	Jun	--	--	0.00%	--
07/03/2017	09:30	AU Building Approvals MoM	May	-1.30%	--	4.40%	--
07/03/2017	09:45	CH Caixin China PMI Mfg	Jun	49.8	--	49.6	--
07/03/2017	11:30	TH CPI YoY	Jun	0.00%	--	-0.04%	--
07/03/2017	12:00	ID CPI YoY	Jun	4.29%	--	4.33%	--
07/03/2017	13:00	IN Nikkei India PMI Mfg	Jun	--	--	51.6	--
07/03/2017	14:30	AU Commodity Index SDR YoY	Jun	--	--	32.60%	--
07/03/2017	15:45	IT Markit/ADACI Italy Manufacturing PMI	Jun	55.3	--	55.1	--
07/03/2017	15:50	FR Markit France Manufacturing PMI	Jun F	55	--	55	--
07/03/2017	15:55	GE Markit/BME Germany Manufacturing PMI	Jun F	59.3	--	59.3	--
07/03/2017	16:00	EC Markit Eurozone Manufacturing PMI	Jun F	57.3	--	57.3	--
07/03/2017	16:30	UK Markit UK PMI Manufacturing SA	Jun	56.3	--	56.7	--
07/03/2017	21:00	SI Purchasing Managers Index	Jun	50.6	--	50.8	--
07/03/2017	21:45	US Markit US Manufacturing PMI	Jun F	52.1	--	52.1	--
07/03/2017	22:00	US ISM Manufacturing	Jun	55.2	--	54.9	--
07/03/2017	22:00	US ISM Prices Paid	Jun	58.5	--	60.5	--
07/03/2017	22:00	US Construction Spending MoM	May	0.30%	--	-1.40%	--

Source: Bloomberg

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