

Highlights

Global	<p>The London terror attacks which killed seven people over the weekend, especially ahead of the UK elections on Thursday, may keep risk appetite curbed to start this week. Other key developments were Friday's US nonfarm payrolls and unemployment rate which came in mixed at 138k (well short of consensus expectations) and 4.3% (16-year low) respectively, and US president Trump's withdrawal from the Paris Climate Accord.</p> <p>Asian bourses may tread cautiously in the interim, awaiting further economic cues from the slew of services and composite PMIs from China's Caixin and rest of Europe. US will also report durable goods orders, factory orders and non-manufacturing ISM later today. This week, key highlights to watch include the RBA policy decision tomorrow (likely neutral at 1.5%), RBI on Wed (likely unchanged), ECB meeting (watch for any hints of a economic assessment upgrade and/or a shift from dovish to neutral) and UK General Election on Thursday, and former FBI Director Comey's testimony before a Senate committee.</p>
SG	<p>STI rose 0.13% to close at 3240.01 on Friday, but weak morning cues from Nikkei and Kospi suggest that investor appetite is soft following the London terror attacks. With UST bonds rallying, SGS bonds may follow suit today.</p>
US	<p>Despite the disappointing headline NFP number and the downward revision of -66k to the prior two months, average hourly earnings rose again at 2.5% yoy and the broader U-7 unemployment rate also declined from 8.6% to 8.4% (low since Nov 2007). Fed's Harker opined that the labor market is "feeling real tightness and part of this is related to immigration policy". We believe that the 13 June rate hike theme remains intact.</p>
CH	<p>The USDCNH rebounded to around 6.78 after the RMB liquidity eased in the offshore market on news that both HKMA and primary liquidity provider have injected liquidity into the market.</p> <p>Despite a more stable currency outlook, China stepped up further to tighten its monitor of overseas credit card transactions where any transaction more than CNY1000 will be reported to the SAFE effective from 1 Sep this year. This may help cover the loophole of capital outflows.</p>
ID	<p>Headline inflation for the month of May was announced on Friday. The figure stands at 4.33%yoy, in line with market expectation although slightly higher than 4.17% of the previous month. An uptick in seasonal demand in food and clothing looks to be the main driver. Core inflation stays relatively contained, however, at 3.2% compared to 3.28% in the prior month.</p>
MA	<p>Petronas, the state-owned oil and gas company, reported its latest earnings result, where it saw net profit jump from MYR4.6bn a year ago to MYR10.3bn in Q1 this year. Higher oil prices and improved margins from both upstream and downstream businesses are said to be the main contributors.</p>
CMD	<p>Gold surged on safe haven demand once again, touching \$1,280/oz in early Monday morning, as market-watchers digested the recent London terrorist attack. Elsewhere, crude oil futures fell with Brent settling below its critical \$50/bbl handle as investors were reportedly worried that a US decision to abandon a climate pact may spark more crude oil drilling and exacerbate the supply glut.</p>

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Major Markets

- **US:** Equities traded higher despite the weaker than expected non-farm payrolls (NFP) on Friday, with technology and high-yielders pushing the major indices to new record highs for the second consecutive session. Energy stocks continue to be a drag with crude prices weak, while financials were pressured by the lower yields post-NFP. Overall, the Nasdaq Composite led the way with a gain of 0.94%, with the S&P 500 and the Dow following up with gains of 0.37% and 0.29% respectively. While equity markets continue to set new highs, note that ETF flow data is indicating an increasing rotation away from US equities to European and Asian equities. This reflects a weakening interest in US equities, and could portend a correction further forward. VIX stands at 9.75, down 1.4%.
- Meanwhile, investors reassessed long-term US inflation expectations post-NFP, resulting in a sizable rally on Treasuries with tenures 5y and above. However, the front-end held steady as the NFP data is not expected to derail the expected Fed rate hike next week, with market implied probability of the hike still standing at around 88%. 2y benchmark yield stood at 1.29%, while the 10y yield softened by 5 bps to 2.16%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards last Friday, by 1-2bps, with the exception of the 15y, 20y, and 30y tenors which traded lower by 1bps. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%'49s, mixed interest in HRAM 3.2%'21s, WHEELK 4.5%'21s, DBSSP 5.75%'49s, UOBSP 3.5%'29s, BAERVX 5.9%'49s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 196bps, while the yield on JACI HY corporates changed little at 6.82%. 10y UST yields fell 5bps last Friday to 2.16%, after the U.S May jobs report missed expectations.
- **New Issues:** Far East Horizon Ltd scheduled investor roadshows from 5 Jun for potential USD perp issuance. FWD Group scheduled investor meetings from 5 Jun for potential USD bond issuance. Korean Air Lines Co Ltd hired banks for potential USD bond issuance. AMTD Group Co Ltd scheduled investor meetings from 5 Jun for potential bond issuance.
- **Rating Changes:** Moody's placed Barmenco Holdings Pty Limited's (Barmenco) 'B1' corporate family rating, Barmenco Finance Pty Ltd's 'B1' senior secured notes rating, and the 'Ba3' rating for its senior secured revolving credit facility, on review for downgrade. The rating review follows the 1 Jun 2017 announcement of the contract loss of the Kundana gold mine project which will result in lower EBITDA than Moody's forecast. Fitch upgraded Hong Kong-based Cheung Kong Property Holdings Limited's (CKP) Foreign-Currency Issuer-Default Rating (IDR) to 'A' from 'A-'. The outlook is stable. The rating action reflects CKP's strong financial position, as measured by net debt/recurring EBITDA of below 2x, which is comparable to 'A'-rated landlords based in Hong Kong. Fitch affirmed Indian Railway Finance Corporation Limited's (IRFC) Foreign- and Local-Currency Issuer Default Ratings (IDRs) at 'BBB-'. The Outlook is Stable. Fitch has also affirmed all IRFC's senior unsecured outstanding issues and debt instruments at 'BBB-'. According to Fitch, IRFC's ratings are equalised with those of the Government of India as the company's strategy is dictated by the government, which tightly monitors and controls it.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.715	-0.50%	USD-SGD	1.3807	-0.42%
USD-JPY	110.400	-0.87%	EUR-SGD	1.5591	0.29%
EUR-USD	1.1279	0.59%	JPY-SGD	1.2512	0.49%
AUD-USD	0.7443	0.94%	GBP-SGD	1.7841	-0.11%
GBP-USD	1.2888	0.05%	AUD-SGD	1.0299	0.73%
USD-MYR	4.2802	-0.14%	NZD-SGD	0.9867	0.80%
USD-CNY	6.8100	0.02%	CHF-SGD	1.4352	0.57%
USD-IDR	13315	0.06%	SGD-MYR	3.0881	-0.30%
USD-VND	22707	0.01%	SGD-CNY	4.9301	0.35%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	0.0020	O/N	0.9311	--
2M	-0.3440	-0.0010	1M	1.0862	0.0103
3M	-0.3290	--	2M	1.1431	0.0083
6M	-0.2550	-0.0010	3M	1.2225	0.0044
9M	-0.1820	-0.0010	6M	1.4282	0.0058
12M	-0.1310	--	12M	1.7307	0.0042

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.23 (+0.01)	1.29 (--)	-0.73 (-0.01)	-0.53 (-0.01)	-0.19 (-0.01)
5Y	1.58 (+0.01)	1.72 (-0.04)	-0.45 (-0.02)	-0.21 (-0.02)	0.92 (-0.02)
10Y	2.09 (+0.01)	2.16 (-0.05)	0.27 (-0.03)	0.71 (-0.03)	2.25 (+0.01)
15Y	2.24 (+0.01)	--	0.53 (-0.03)	1.08 (-0.02)	2.79 (+0.02)
20Y	2.32 (+0.01)	--	0.83 (-0.03)	1.41 (-0.02)	2.90 (+0.01)
30Y	2.43 (--)	2.81 (-0.05)	1.13 (-0.03)	1.70 (-0.02)	3.38 (--)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	89.7%	0.0%	89.7%	0.0%	0.0%
26/07/2017	90.2%	0.0%	86.5%	3.7%	0.0%
20/09/2017	92.9%	0.0%	64.9%	27.0%	1.0%
01/11/2017	93.0%	0.0%	64.5%	27.3%	1.2%
13/12/2017	94.7%	0.0%	50.1%	36.6%	7.7%
31/01/2018	94.8%	0.0%	49.7%	36.7%	8.0%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.66	-1.45%	Copper (per mt)	5,675.8	-0.50%
Brent (per barrel)	49.95	-1.34%	Nickel (per mt)	8,876.8	0.87%
Heating Oil (per gallon)	1.4848	-1.13%	Aluminium (per mt)	1,924.3	0.27%
Gasoline (per gallon)	1.5771	-1.52%			
Natural Gas (per MMBtu)	2.9990	-0.30%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,730.0	-1.05%
			Rubber (JPY/KG)	227.9	-0.91%
Precious Metals	Futures	% chg			
Gold (per oz)	1,276.8	0.77%			
Silver (per oz)	17.525	1.41%			

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,206.29	62.11
S&P	2,439.07	9.01
Nasdaq	6,305.80	58.97
Nikkei 225	20,177.28	317.25
STI	3,240.01	4.05
KLCI	1,776.95	13.84
JCI	5,742.45	4.29
Baltic Dry	830.00	-20.00
VIX	9.75	-0.14

Financial Spread (bps)

	Value	Change
LIBOR-OIS	10.26	-0.14
EURIBOR-OIS	2.10	-1.25
TED	24.76	0.31

Government CDS (USD)

	5Y	% Change
Germany	15.060	-1.16%
France	28.415	0.69%
Italy	174.277	1.86%

CFTC Commodities Futures and Options

For the week ended: 30 May 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	171,808	159,610	12,198	Corn	-138,038	-111,154	-26,884
Silver	60,439	50,784	9,655	Soybean	-76,276	-50,511	-25,765
Lean Hogs	64,817	57,006	7,811	Natural Gas	30,971	53,365	-22,394
RBOB Gasoline	41,668	35,506	6,162	Sugar	39,635	57,352	-17,717
Nymex Crude	405,052	400,402	4,650	Cotton	103,278	112,001	-8,723
Platinum	16,598	16,022	576	Wheat	-97,576	-90,978	-6,598
Heating Oil	15,874	15,302	572	Copper	9,725	13,130	-3,405
Palladium	17,902	17,505	397	Coffee	-10,581	-7,825	-2,756
Live Cattle	161,193	161,475	-282	Cocoa	-24,427	-23,176	-1,251

Date	Time	Event		Survey	Actual	Prior	Revised
06/02/2017	07:00	SK GDP YoY	1Q F	2.70%	2.90%	2.70%	--
06/02/2017	07:50	JN Monetary Base YoY	May	--	19.40%	19.80%	--
06/02/2017	08:30	ID Nikkei Indonesia PMI Mfg	May	--	50.6	51.2	--
06/02/2017	09:00	AU HIA New Home Sales MoM	Apr	--	0.80%	-1.10%	--
06/02/2017	10:06	ID CPI YoY	May	4.31%	4.33%	4.17%	--
06/02/2017	10:09	ID CPI Core YoY	May	3.30%	3.20%	3.28%	--
06/02/2017	15:30	TH Foreign Reserves	May-26	--	\$184.0b	\$185.3b	--
06/02/2017	16:30	UK Markit/CIPS UK Construction PMI	May	52.6	56	53.1	--
06/02/2017	17:00	EC PPI YoY	Apr	4.50%	4.30%	3.90%	--
06/02/2017	20:30	CA Labor Productivity QoQ	1Q	1.20%	1.40%	0.40%	--
06/02/2017	20:30	CA Int'l Merchandise Trade	Apr	-0.02b	-0.37b	-0.14b	-0.94b
06/02/2017	20:30	US Change in Nonfarm Payrolls	May	182k	138k	211k	174k
06/02/2017	20:30	US Change in Manufact. Payrolls	May	5k	-1k	6k	11k
06/02/2017	20:30	US Unemployment Rate	May	4.40%	4.30%	4.40%	--
06/02/2017	20:30	US Trade Balance	Apr	-\$46.1b	-\$47.6b	-\$43.7b	-\$45.3b
06/02/2017	21:00	SI Purchasing Managers Index	May	50.9	50.8	51.1	--
06/05/2017	05:00	SK Foreign Reserves	May	--	\$378.46b	\$376.57b	--
06/05/2017	07:00	SK BoP Current Account Balance	Apr	--	\$3995.0m	\$5931.8m	\$5752.9m
06/05/2017	08:30	JN Nikkei Japan PMI Services	May	--	--	52.2	--
06/05/2017	08:30	JN Nikkei Japan PMI Composite	May	--	--	52.6	--
06/05/2017	08:30	HK Nikkei Hong Kong PMI	May	--	--	51.1	--
06/05/2017	09:00	AU Melbourne Inst Inflation MoM	May	--	--	0.50%	--
06/05/2017	09:45	CH Caixin China PMI Composite	May	--	--	51.2	--
06/05/2017	09:45	CH Caixin China PMI Services	May	--	--	51.5	--
06/05/2017	12:00	MA Exports YoY	Apr	20.50%	--	24.10%	--
06/05/2017	12:00	MA Trade Balance MYR	Apr	6.63b	--	5.41b	--
06/05/2017	13:00	IN Nikkei India PMI Services	May	--	--	50.2	--
06/05/2017	13:00	IN Nikkei India PMI Composite	May	--	--	51.3	--
06/05/2017	15:45	IT Markit/ADACI Italy Services PMI	May	55.3	--	56.2	--
06/05/2017	15:45	IT Markit/ADACI Italy Comp PMI	May	55.7	--	56.8	--
06/05/2017	15:50	FR Markit France Services PMI	May F	58	--	58	--
06/05/2017	15:50	FR Markit France Composite PMI	May F	57.6	--	57.6	--
06/05/2017	15:55	GE Markit Germany Services PMI	May F	55.2	--	55.2	--
06/05/2017	15:55	GE Markit/BME Germany Composite	May F	57.3	--	57.3	--
06/05/2017	16:00	EC Markit Eurozone Services PMI	May F	56.2	--	56.2	--
06/05/2017	16:00	EC Markit Eurozone Composite PMI	May F	56.8	--	56.8	--
06/05/2017	16:30	UK Markit/CIPS UK Services PMI	May	55	--	55.8	--
06/05/2017	16:30	UK Markit/CIPS UK Composite PMI	May	55.5	--	56.2	--
06/05/2017	20:30	US Nonfarm Productivity	1Q F	-0.20%	--	-0.60%	--
06/05/2017	21:45	US Markit US Services PMI	May F	--	--	54	--
06/05/2017	21:45	US Markit US Composite PMI	May F	--	--	53.9	--
06/05/2017	22:00	US ISM Non-Manf. Composite	May	57.1	--	57.5	--
06/05/2017	22:00	US Factory Orders	Apr	-0.20%	--	0.20%	0.50%
06/05/2017	22:00	US Durable Goods Orders	Apr F	-0.50%	--	-0.70%	--
06/05/2017	22:00	US Durables Ex Transportation	Apr F	--	--	-0.40%	--
06/05/2017	22:00	US Cap Goods Orders Nondef Ex Air	Apr F	0.10%	--	0.00%	--
06/05/2017	22:00	US Cap Goods Ship Nondef Ex Air	Apr F	--	--	-0.10%	--

Source: Bloomberg

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