

### Highlights

Global	With the lingering market shadow from the London terror attacks, and market players alert to upcoming central bank meetings, Wall Street closed slightly lower last night. Asian bourses may also continue to be sidelined amid a light data calendar that comprises of only US' JOLTS job opening, and European Sentix investor confidence. Market focus will be on RBA's policy decision later this morning, with consensus expectations for RBA to remain neutral at 1.5%.
US	Factory orders slipped for the first time in four months by 0.2% in Apr, down from +0.2% in Mar. Excluding transportation, factory orders rose for 14 straight months by 0.1%, suggesting positive momentum should sustain. Meanwhile, the May non-manufacturing ISM softened from 57.5 in Apr to 56.9, slightly below market expectations, but the new orders gauge improved from 57.5 to 59.5 and the employment gauge also rose. The final Apr print for durable goods orders showed that it fell 0.8% in Apr, with orders excluding transportation declining 0.5%.
HK	As a slew of cooling measures hit demand in the secondary market, total housing transactions retreated by 18.8% mom to 5732 deals in May, marking the first month-on-month decline since January. However, the primary market's increased supply of small-size flats and developers' provision of mortgages with high loan to value ratio helped to shield the primary market from the cooling measures. Notably, only those flats priced between HKD3-5 million exhibited both monthly and yearly growths. Given the increasing supply, higher borrowing costs and China's slowdown, overall housing price index's growth which accelerated to its highest level at 19.8% yoy since July 2015 is likely to decelerate in 2H.
ID	Finance Minister Sri Mulyani said that Indonesia's budget deficit for 2017 may increase from 2.5% to 2.7% of GDP. She added that the out-turn of the expected deficit is around 2.5%, depending on the pace of spending by various government departments.
MA	AT Kearney, a consulting company said that Malaysia's retail market is the third fastest-growing in Asia, just behind China and India. According to their analysis, an influx of tourists, higher disposable income and government investments in infrastructure have provided a boost to the country's retail industry.
KR	The Korean Won rallied against the dollar yesterday, as market-watchers cheered on the proposed extra budget of KRW11.2 trillion to support the economy and create jobs.
Commodities	There remains little respite for the fall in oil prices; WTI and Brent fell 0.55% and 0.96%, respectively. Unsurprisingly, oil prices did rise marginally in the early trading hours yesterday given the gulf spat, before profit-taking emerged as investors saw little impact on oil supplies. Moreover, oil prices will likely range-trade today ahead of US oil inventories and DOE price outlook prints tomorrow night. The same however, could not be said for Gold. Importantly, gold prices have been supported given the upcoming UK election (note Bloomberg Composite UK General Election Poll is suggesting a hung parliament outcome), while market-watchers wait in anticipation over James Comey's testimony on Thursday.

## Major Markets

- **US:** Major equity indices retreated from record highs on Monday, with materials and utilities the main drag. The Nasdaq led losses, down 0.16% after investors seemed less than impressed with Apple Inc.'s swathe of new products and upgrades, and sold down the stock by 1%. The S&P 500 and Dow also fell 0.12% and 0.10% respectively. VIX up 3.3% to 10.07. Watch for political developments this week, especially Comey's testimony to Congress and the unfolding drama in the Middle East over Qatar.
- US Treasury yields were firmer in a largely quiet session. 2y and 10y benchmark yields stood at 1.30% and 2.18% at NY close. The one to watch is the 10y yield, which is trading around its 200-DMA technical support level, having first breached that level last Friday.
- **Singapore:** STI declined 0.05% to close at 3238.31 yesterday and may continue to slide amid weak cues from Wall Street overnight and morning slippage by Nikkei and Kospi. STI support is tipped at 3220. With UST bond yields finding a near-term trough, SGS bonds may similarly find it hard to rally further today.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday by 2-5bps across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%'49s, TSHSP 6%'20s, BAERVX 5.9%'49s, better selling seen in AUSGSP 7.95%'18s, mixed interest in GEMAU 5.5%'19s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 197bps, while the yield on JACI HY corporates fell 3bps to 6.79%. 10y UST yields rose 2bps yesterday to 2.18%, after a quiet U.S trading session, with strong Investment Grade (IG) issuances (USD7.85bn over 10 issuers) weighing on the Treasuries.
- **New Issues:** China Merchants Bank Co. (New York Branch) priced a USD800mn 3-year bond at 3mL+82.5bps, tightening from initial guidance of 3mL+105bps. The expected issue ratings are 'BBB+/NR/NR'. Korean Air Lines Co. priced a USD300mn Perp NC3.5 at 6.875%, tightening from initial guidance of 7.125%. GS Caltex Corporation priced a USD400mn 5-year bond at CT5+130bps, tightening from initial guidance of CT5+155bps. The expected issue ratings are 'BBB/Baa2/NR'. Three Gorges Finance II (Cayman Islands) Ltd. scheduled investor roadshows from 6 Jun for potential EUR bond issuance (guaranteed by China Three Gorges Corporation). The expected issue ratings are 'NR/A1/A+'. Marble II Pte. Ltd. scheduled investor roadshows from 6-12 Jun for potential USD bond issuance. The expected issue rating are 'NR/Ba2/BB'. DianJian Haiyu Ltd. scheduled investor roadshows from 6 Jun for potential USD perp issuance (guaranteed by Power Construction Corporation of China).
- **Rating Changes:** S&P assigned an 'A+' local currency issuer credit rating to Swiss Re Corporate Solutions Insurance China Ltd. (SRCSI China). The rating outlook is stable. The rating action reflects S&P's view that the insurer is a highly strategic subsidiary of Swiss Re Corporate Solutions Ltd. (SRCS), and hence rated one notch lower than SRCS. Moody's affirmed China Evergrande Group's (Evergrande) 'B2' corporate family rating and the 'B3' senior unsecured rating on the company's existing notes. In addition, Moody's revised Evergrande's ratings outlook to stable from negative. The rating action reflects Evergrande's improved liquidity position due to its strong contracted sales and active debt maturity management. Moody's assigned a first-time 'Ba2' corporate family rating (CFR) to Marble II Pte. Ltd. (Marble II), the special-purpose investment holding company formed by Blackstone Group and GIC Pte Ltd (unrated) to invest in IT solutions provider, Mphasis Limited. The rating action reflects the support the company gets from its 60.4% controlling interest in Mphasis, strong revenue visibility, strong cash flow generation, and Mphasis' solid liquidity profile. Fitch assigned Marble II a Foreign- and Local-Currency Issuer Default Ratings (IDR) of 'BB', with stable

outlook. Moody's revised to negative from stable the outlook on Nan Fung International Holding Limited's (Nan Fung) 'Baa3' issuer ratings, perpetual capital security rating of Nan Fung Treasury (II) Limited, the 'Baa3' senior unsecured debt rating, and provisional '(P)Baa3' rating of Nan Fung Treasury Limited's medium-term note (MTN) program. In addition, Moody's affirmed all the above ratings. The rating action reflects Moody's concern over the impact of the Kai Tak project (Nan Fung acquired a lot of land for HKD24.6bn on 30 May for the development of the commercial complex project) on Nan Fung's cash buffer. Moody's affirmed Agile Group Holdings Limited's (Agile) 'Ba3' corporate family rating and the 'B1' senior unsecured rating on the bonds issued by Agile. In addition, Moody's revised the ratings outlook of Agile to positive from stable. The rating action reflects Moody's expectation that Agile will maintain growth in presales and revenues and improve its profit margins, which will in turn improve its credit metrics over the next 12-18 months.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.799	0.09%	<b>USD-SGD</b>	1.3816	0.07%
<b>USD-JPY</b>	110.450	0.05%	<b>EUR-SGD</b>	1.5550	-0.26%
<b>EUR-USD</b>	1.1254	-0.22%	<b>JPY-SGD</b>	1.2506	-0.05%
<b>AUD-USD</b>	0.7487	0.59%	<b>GBP-SGD</b>	1.7827	-0.08%
<b>GBP-USD</b>	1.2904	0.12%	<b>AUD-SGD</b>	1.0344	0.44%
<b>USD-MYR</b>	4.2633	-0.39%	<b>NZD-SGD</b>	0.9862	-0.05%
<b>USD-CNY</b>	6.8040	-0.09%	<b>CHF-SGD</b>	1.4317	-0.24%
<b>USD-IDR</b>	13278	-0.28%	<b>SGD-MYR</b>	3.0902	0.07%
<b>USD-VND</b>	22718	0.05%	<b>SGD-CNY</b>	4.9241	-0.12%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3720	--	<b>O/N</b>	0.9311	--
<b>2M</b>	-0.3440	--	<b>1M</b>	1.0862	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.1431	--
<b>6M</b>	-0.2550	--	<b>3M</b>	1.2225	--
<b>9M</b>	-0.1820	--	<b>6M</b>	1.4282	--
<b>12M</b>	-0.1310	--	<b>12M</b>	1.7307	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
<b>2Y</b>	1.22 (-0.01)	1.30 (+0.01)	-0.72 (+0.02)	-0.52 (+0.01)	-0.21 (-0.02)
<b>5Y</b>	1.57 (-0.01)	1.74 (+0.02)	-0.44 (+0.02)	-0.19 (+0.02)	0.92 (+0.01)
<b>10Y</b>	2.06 (-0.03)	2.18 (+0.02)	0.29 (+0.01)	0.72 (+0.01)	2.27 (+0.01)
<b>15Y</b>	2.21 (-0.03)	--	0.55 (+0.02)	1.10 (+0.02)	2.80 (+0.02)
<b>20Y</b>	2.28 (-0.04)	--	0.85 (+0.02)	1.42 (+0.02)	2.92 (+0.02)
<b>30Y</b>	2.39 (-0.04)	2.84 (+0.03)	1.15 (+0.03)	1.72 (+0.02)	3.41 (+0.03)

### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	90.6%	0.0%	90.6%	0.0%	0.0%
26/07/2017	90.7%	0.0%	89.2%	1.5%	0.0%
20/09/2017	93.3%	0.0%	66.7%	26.2%	0.4%
01/11/2017	93.4%	0.0%	66.2%	26.5%	0.6%
13/12/2017	95.0%	0.0%	51.3%	36.4%	7.1%
31/01/2018	95.1%	0.0%	50.9%	36.6%	7.3%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.40	-0.55%	Copper (per mt)	5,638.3	-0.66%
Brent (per barrel)	49.47	-0.96%	Nickel (per mt)	8,868.8	-0.09%
Heating Oil (per gallon)	1.4593	-1.72%	Aluminium (per mt)	1,895.6	-1.49%
Gasoline (per gallon)	1.5381	-2.47%			
Natural Gas (per MMBtu)	2.9820	-0.57%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,743.0	0.48%
			Rubber (JPY/KG)	214.0	-6.10%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,279.3	0.20%			
Silver (per oz)	17.581	0.32%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	21,184.04	-22.25
<b>S&amp;P</b>	2,436.10	-2.97
<b>Nasdaq</b>	6,295.68	-10.11
<b>Nikkei 225</b>	20,170.82	-6.46
<b>STI</b>	3,238.31	-1.70
<b>KLCI</b>	1,787.95	11.00
<b>JCI</b>	5,748.24	5.79
<b>Baltic Dry</b>	821.00	-9.00
<b>VIX</b>	10.07	0.32

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	10.26	0.67
<b>EURIBOR-OIS</b>	3.10	1.00
<b>TED</b>	24.76	--

### Government CDS (USD)

	5Y	% Change
Germany	16.164	7.33%
France	28.558	0.50%
Italy	176.373	1.20%

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
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	07:00	SK	BoP Goods Balance	Apr	--	\$11928m	\$9801m	\$9622m
06/05/2017	07:30	AU	AiG Perf of Services Index	May	--	51.5	53	--
06/05/2017	08:30	SI	Nikkei Singapore PMI	May	--	51.4	52.6	--
06/05/2017	08:30	JN	Nikkei Japan PMI Services	May	--	53	52.2	--
06/05/2017	08:30	JN	Nikkei Japan PMI Composite	May	--	53.4	52.6	--
06/05/2017	08:30	HK	Nikkei Hong Kong PMI	May	--	50.5	51.1	--
<b>06/05/2017</b>	<b>09:00</b>	<b>AU</b>	<b>Melbourne Inst Inflation MoM</b>	<b>May</b>	--	<b>0.00%</b>	<b>0.50%</b>	--
06/05/2017	09:00	AU	Melbourne Institute Inflation YoY	May	--	2.80%	2.60%	--
06/05/2017	09:30	AU	ANZ Job Advertisements MoM	May	--	0.40%	1.40%	1.50%
06/05/2017	09:45	CH	Caixin China PMI Composite	May	--	51.5	51.2	--
06/05/2017	09:45	CH	Caixin China PMI Services	May	--	52.8	51.5	--
06/05/2017	12:00	MA	Exports YoY	Apr	20.60%	20.60%	24.10%	24.10%
06/05/2017	12:00	MA	Imports YoY	Apr	31.30%	24.70%	39.40%	--
06/05/2017	12:00	MA	Trade Balance MYR	Apr	6.63b	8.75b	5.41b	5.40b
06/05/2017	13:00	IN	Nikkei India PMI Services	May	--	52.2	50.2	--
06/05/2017	13:00	IN	Nikkei India PMI Composite	May	--	52.5	51.3	--
06/05/2017	15:45	IT	Markit/ADACI Italy Services PMI	May	55.3	55.1	56.2	--
06/05/2017	15:45	IT	Markit/ADACI Italy Comp PMI	May	55.7	55.2	56.8	--
06/05/2017	15:50	FR	Markit France Services PMI	May F	58	57.2	58	--
06/05/2017	15:50	FR	Markit France Composite PMI	May F	57.6	56.9	57.6	--
06/05/2017	15:55	GE	Markit Germany Services PMI	May F	55.2	55.4	55.2	--
06/05/2017	15:55	GE	Markit/BME Germany Comp PMI	May F	57.3	57.4	57.3	--
06/05/2017	16:00	EC	Markit Eurozone Services PMI	May F	56.2	56.3	56.2	--
06/05/2017	16:00	EC	Markit Eurozone Composite PMI	May F	56.8	56.8	56.8	--
06/05/2017	16:20	TA	Foreign Reserves	May	--	\$440.25b	\$438.43b	--
06/05/2017	16:30	UK	Markit/CIPS UK Services PMI	May	55	53.8	55.8	--
06/05/2017	16:30	UK	Markit/CIPS UK Composite PMI	May	55.5	54.4	56.2	--
06/05/2017	16:30	UK	Official Reserves Changes	May	--	\$1115m	\$1362m	--
06/05/2017	20:30	US	Nonfarm Productivity	1Q F	-0.10%	0.00%	-0.60%	--
06/05/2017	20:30	US	Unit Labor Costs	1Q F	2.40%	2.20%	3.00%	--
06/05/2017	21:45	US	Markit US Services PMI	May F	54	53.6	54	--
06/05/2017	21:45	US	Markit US Composite PMI	May F	--	53.6	53.9	--
<b>06/05/2017</b>	<b>22:00</b>	<b>US</b>	<b>ISM Non-Manf. Composite</b>	<b>May</b>	<b>57.1</b>	<b>56.9</b>	<b>57.5</b>	--
<b>06/05/2017</b>	<b>22:00</b>	<b>US</b>	<b>Factory Orders</b>	<b>Apr</b>	<b>-0.20%</b>	<b>-0.20%</b>	<b>0.20%</b>	<b>1.00%</b>
<b>06/05/2017</b>	<b>22:00</b>	<b>US</b>	<b>Durable Goods Orders</b>	<b>Apr F</b>	<b>-0.60%</b>	<b>-0.80%</b>	<b>-0.70%</b>	--
06/05/2017	22:00	US	Durables Ex Transportation	Apr F	-0.20%	-0.50%	-0.40%	--
06/05/2017	22:00	US	Cap Goods Orders Nondef Ex Air	Apr F	0.10%	0.10%	0.00%	--
06/05/2017	22:00	US	Cap Goods Ship Nondef Ex Air	Apr F	--	0.10%	-0.10%	--
06/06/2017	08:00	JN	Labor Cash Earnings YoY	Apr	0.30%	--	-0.40%	0.00%
<b>06/06/2017</b>	<b>08:30</b>	<b>TA</b>	<b>CPI YoY</b>	<b>May</b>	<b>0.60%</b>	--	<b>0.12%</b>	--
06/06/2017	08:30	TA	WPI YoY	May	0.19%	--	1.12%	--
06/06/2017	09:00	NZ	ANZ Commodity Price	May	--	--	-0.20%	--
<b>06/06/2017</b>	<b>09:00</b>	<b>PH</b>	<b>CPI YoY</b>	<b>May</b>	<b>3.30%</b>	<b>3.10%</b>	<b>3.40%</b>	--
06/06/2017	09:00	PH	CPI NSA MoM	May	0.20%	0.10%	0.20%	--
<b>06/06/2017</b>	<b>09:30</b>	<b>AU</b>	<b>BoP Current Account Balance</b>	<b>1Q</b>	<b>-A\$0.5b</b>	--	<b>-A\$3.9b</b>	--
<b>06/06/2017</b>	<b>12:30</b>	<b>AU</b>	<b>RBA Cash Rate Target</b>	<b>Jun-06</b>	<b>1.50%</b>	--	<b>1.50%</b>	--
06/06/2017	17:00	EC	Retail Sales MoM	Apr	0.20%	--	0.30%	--
06/06/2017	17:00	EC	Retail Sales YoY	Apr	2.10%	--	2.30%	--
06/06/2017	22:00	CA	Ivey PMI SA	May	--	--	62.4	--
<b>06/06/2017</b>	<b>06/13</b>	<b>VN</b>	<b>Domestic Vehicle Sales YoY</b>	<b>May</b>	--	--	<b>-7.10%</b>	--

Source: Bloomberg

<b><u>OCBC Treasury Research</u></b>	
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com <b>Terence Wu</b> TerenceWu@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Ezien Hoo</b> EzienHoo@ocbc.com <b>Wong Hong Wei</b> WongHongWei@ocbc.com

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