

Highlights

Global	Market-watchers continued to react to FOMC's rather surprising hawkish move in their latest meeting; tech names dragged Wall Street lower, US treasuries fell, while the greenback surged to its highest in almost a month. Importantly, initial jobless claim print were lower-than-expected at 237k for the week ended 10 th June, versus market calls for a 241k print, suggesting that US labour conditions are strengthening further. Elsewhere, EU finance ministers are continuing talks in regards to the sustainability of Greece's public debt, noting Eurogroup president Dijsselbloem commenting that he "will give more clarity to Greece and the IMF about how we will move forward." Also, note that the British government is slated to start Brexit talks on Monday, 19 th June, as planned. The Bank of England kept interest rates unchanged at 0.25% in line with market expectations. For today, watch out for US housing start and U. of Michigan sentiment index print, as well as BOJ rate decision and monetary policy statement.
SG	NODX fell 1.2% yoy in May, versus market expectations to print -5.6% (OCBC: -7.5%). On a month-on-month seasonally-adjusted basis, NODX grew 8.1%, the fastest since Nov 2016. Across the sectors, electronic exports rose 23.3%, led by PCs (+64.7%), ICs (+31.2%) and parts of PCs (+26.2%), though non-electronic product exports fell 9.0% as pharmaceuticals dragged -14.2%.
CH	PBoC kept its reverse repo rate unchanged on Thursday despite the 25bps rate hike by the Fed. In addition, China continued to inject liquidity via open market operations this week to smooth liquidity volatility.
HK	The HKMA followed the FOMC to raise the base rate by 25 bps on Thursday. Before the Fed's rate hike, the widening interest rate differential between USD and HKD drove USDHKD spot rate up to 7.8009, reaching its sixteen-month high.
ID	Bank Indonesia kept its policy rate unchanged at 4.75% yesterday in line with expectations. Moreover, the central bank signaled that it will maintain its neutral stance if inflation and currency remain largely within its expectation.
MA	PM Najib Razak said that growth of 5% and above this year is achievable, owing to Malaysia's strengths and improving global outlook. He reportedly said that he expects fiscal deficit to come down to 3% this year. He added that the government resisted temptation to spend even more with upcoming elections.
KR	The finance ministry commented that the recent FOMC rate hike will have limited impact to Korea's economy, though BOK is poised to take market-stabilising actions if needed.
Commodities	A rising greenback, as market-watchers digested the recent FOMC rate hike and the lower-than-expected US initial jobless claim print, saw dollar-denominated commodities lower. Precious metals especially gold and silver were the biggest casualties, with the yellow metal staging its biggest fall (-1.62% to \$1,252/oz) since mid-Dec 2016. Crude oil trended lower as well, likely on dollar strength, but also due to OPEC refreshed outlook for US oil production to increase 800 thousand barrels per day (bpd) in 2017, versus an initial projected decline of 150 thousand bpd in its December 2016 forecast.

Major Markets

- **US:** Equities ended lower on technology shares continuing their slide. Major indices like the Nasdaq, S&P, and the Dow shed 0.47%, 0.22%, and 0.07%, respectively. VIX rose for its 2nd consecutive day by 2.44% to close at 10.90, indicative of greater market jitters entering the market. Meanwhile, US Treasuries yields rose with 2y and 10y benchmark yields ending higher by 2 – 4 bps to 1.35% and 2.16% respectively.
- **Singapore:** STI fell for its second consecutive trading day (-0.66%) to 3,232.09 at closing yesterday. UOB (-2.2%), Sembcorp Industries (-1.9%) and Wilmar (-1.4%) were the key decliners, though gains in Hutchison Port Holdings (+5.9%), SIA Engineering (+0.7%) and CapitaLand Commercial Trust (+0.6%) limited the losses. Noting the decline in Wall Street overnight and the FOMC rate hike, there would possibly be further downside risk to the overall index today to our perceived support and resistance of 3,215 and 3,245, respectively.
- **China:** PBoC hiked its reverse repo rate in March, a few hours after the Fed fund rate hike. As such, market has watched closely whether PBoC would follow suit this time. The stable short end reverse repo rate, together with liquidity injection reinforces market expectation that PBoC has turned more flexible in terms of monetary policy. This is likely to further support market sentiment.
- **Hong Kong:** The increasing arbitrage opportunities have translated into upward pressure on the USDHKD spot rate. However, with a bullish stock market and robust housing market, capital outflows were unseen lately. Therefore, banking system remained flushed with liquidity as aggregate balance held static at around HKD260 billion. Looking ahead due to a likely slowdown in China's growth in 2H, we expect capital inflows to decelerate. Furthermore, the Fed's plan to shrink its balance sheet is likely to rotate capital from global markets back to the US. Therefore, HIBOR may catch up gradually with the USD LIBOR and help the USDHKD find its resistance in the range of 7.8-7.83, in turn prompting banks to lift Prime Rate by end of this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded lower yesterday, with swap rates trading 2-5bps lower across all tenors, moving in sympathy with the US Treasury curve post-FOMC. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, LMRTSP 6.6%*s*, mixed interest seen in STHSP 3.95%-PERPs, UOBSP 3.5%'29s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 198bps, while the yield on JACI HY corporates fell 3bps to 6.76%. 10y UST yields rose 4bps yesterday to 2.16%, guided by stronger data (Philadelphia Fed Business Outlook dropped less than expected) and weakness in European Government Bonds (EGBs).
- **New Issues:** Greenland Global Investment Ltd. priced a USD500mn 1-year bond (guaranteed by Greenland Holding Group Company Ltd.) at 4%, tightening from initial guidance at 4.25% area. Hainan Airlines (Hong Kong) Co., Ltd. priced a USD300mn 1-year bond (guaranteed by Hainan Airlines Holding Co., Ltd.) at 5.5%, tightening from initial guidance at 5.75% area. Hilong Holding Ltd. may price a 3-year USD bond today. The initial guidance is at 7.75% area, with expected issue ratings of 'NR/B1/BB-'. Bank of Baroda scheduled investor meetings from 19 Jun for potential USD bond issuance.
- **Rating Changes:** Moody's affirmed FUJIFILM Holdings Corporation's (Fujifilm Holdings) 'A1' issuer rating and revised its rating outlook to negative from stable. The change in outlook reflects Moody's concerns over Fujifilm Holdings' oversight, control and governance. Moody's upgraded the Royal Bank of Scotland Group plc's (RBSG, the holding company) senior unsecured debt ratings to 'Baa3'

from 'Ba1'. Moody's also affirmed Royal Bank of Scotland Plc's (RBS plc) senior unsecured debt ratings at 'A3'. The rating action reflects the stronger standalone financial profile of the group and expectation for more stable performance in the medium term resulting from the group's multi-year restructuring. Fitch downgraded MIE Holdings Corporation's (MIE) Long-Term Issuer Default Rating to 'C' from 'CCC' and the rating on MIE's 2018 bonds to 'CC' from 'CCC'. In addition, Fitch placed the 'CCC' rating on the company's 2019 bonds on Rating Watch Negative (RWN). The rating action is driven by MIE's tender offer for its 2018 bonds, which Fitch considers to be a distressed debt exchange (DDE) under Fitch's criteria.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.433	0.51%	USD-SGD	1.3838	0.56%
USD-JPY	110.930	1.23%	EUR-SGD	1.5422	-0.10%
EUR-USD	1.1145	-0.65%	JPY-SGD	1.2474	-0.63%
AUD-USD	0.7579	-0.08%	GBP-SGD	1.7652	0.60%
GBP-USD	1.2758	0.05%	AUD-SGD	1.0487	0.43%
USD-MYR	4.2675	0.22%	NZD-SGD	0.9974	-0.10%
USD-CNY	6.8078	0.24%	CHF-SGD	1.4188	0.17%
USD-IDR	13286	0.07%	SGD-MYR	3.0923	0.16%
USD-VND	22699	-0.03%	SGD-CNY	4.9222	-0.53%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9311	--
2M	-0.3410	--	1M	1.1717	--
3M	-0.3310	--	2M	1.2011	--
6M	-0.2710	--	3M	1.2503	--
9M	-0.2030	--	6M	1.4260	--
12M	-0.1520	--	12M	1.7362	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.24 (-0.02)	1.35 (+0.02)	-0.66 (+0.04)	-0.49 (+0.02)	-0.21 (+0.08)
5Y	1.55 (-0.04)	1.76 (+0.05)	-0.39 (+0.07)	-0.21 (+0.05)	0.70 (+0.03)
10Y	2.05 (-0.04)	2.16 (+0.04)	0.28 (+0.06)	0.63 (+0.05)	1.96 (+0.03)
15Y	2.22 (-0.04)	--	0.53 (+0.05)	0.98 (+0.04)	2.52 (+0.01)
20Y	2.28 (-0.04)	--	0.82 (+0.05)	1.29 (+0.04)	2.63 (+0.02)
30Y	2.36 (-0.04)	2.79 (+0.02)	1.09 (+0.04)	1.57 (+0.03)	3.09 (+0.01)

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	22.0%	0.5%	77.5%	22.0%	0.0%
01/11/2017	22.6%	0.5%	76.9%	22.4%	0.2%
13/12/2017	44.4%	0.4%	55.2%	37.9%	6.5%
31/01/2018	44.9%	0.4%	54.7%	38.0%	6.8%
21/03/2017	55.8%	0.3%	43.9%	41.4%	13.0%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	44.46	-0.60%	Copper (per mt)	5,656.0	-0.31%
Brent (per barrel)	46.92	-0.17%	Nickel (per mt)	8,792.0	-1.08%
Heating Oil (per gallon)	1.4146	0.31%	Aluminium (per mt)	1,859.3	-0.57%
Gasoline (per gallon)	1.4357	0.21%			
Natural Gas (per MMBtu)	3.0560	4.19%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,650.0	-0.93%
			Rubber (JPY/KG)	210.2	0.33%
Precious Metals	Futures	% chg			
Gold (per oz)	1,252.2	-1.62%			
Silver (per oz)	16.716	-2.45%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,359.90	-14.66
S&P	2,432.46	-5.46
Nasdaq	6,165.50	-29.39
Nikkei 225	19,831.82	-51.70
STI	3,232.09	-21.34
KLCI	1,790.01	-2.34
JCI	5,776.28	-16.61
Baltic Dry	865.00	--
VIX	10.90	0.26

Financial Spread (bps)

	Value	Change
LIBOR-OIS	9.25	-0.26
EURIBOR-OIS	1.90	-1.10
TED	25.97	--

Government CDS (USD)

	5Y	% Change
Germany	15.711	1.35%
France	25.404	0.30%
Italy	151.760	-0.22%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
06/15/2017	02:00	US FOMC Rate Decision	Jun-14	1.25%	1.25%	1.00%	--
06/15/2017	06:45	NZ GDP SA QoQ	1Q	0.70%	0.50%	0.40%	--
06/15/2017	06:45	NZ GDP YoY	1Q	2.70%	2.50%	2.70%	--
06/15/2017	07:50	JN Japan Buying Foreign Bonds	Jun-09	--	¥526.6b	-¥350.4b	¥345.4b
06/15/2017	07:50	JN Japan Buying Foreign Stocks	Jun-09	--	¥50.4b	¥443.7b	¥463.6b
06/15/2017	07:50	JN Foreign Buying Japan Bonds	Jun-09	--	¥309.6b	¥484.5b	--
06/15/2017	07:50	JN Foreign Buying Japan Stocks	Jun-09	--	-¥143.1b	¥543.3b	¥543.5b
06/15/2017	09:30	AU Employment Change	May	10.0k	42.0k	37.4k	46.1k
06/15/2017	09:30	AU Unemployment Rate	May	5.70%	5.50%	5.70%	--
06/15/2017	09:30	AU Full Time Employment Change	May	--	52.1k	-11.6k	-5.7k
06/15/2017	09:30	AU Participation Rate	May	64.80%	64.90%	64.80%	--
06/15/2017	09:30	AU RBA FX Transactions Market	May	--	A\$735m	A\$441m	--
06/15/2017	12:02	ID Imports YoY	May	10.15%	24.03%	10.31%	10.46%
06/15/2017	12:02	ID Exports YoY	May	15.65%	24.08%	12.63%	13.60%
06/15/2017	12:02	ID Trade Balance	May	\$1110m	\$474m	\$1238m	\$1334m
06/15/2017	13:32	PH Overseas Remittances YoY	Apr	8.50%	-5.90%	10.70%	--
06/15/2017	13:32	PH Overseas Workers Remittances	Apr	\$2460m	\$2083m	\$2615m	--
06/15/2017	14:00	JN Tokyo Condominium Sales YoY	May	--	-13.30%	38.60%	--
06/15/2017	14:45	FR CPI EU Harmonized MoM	May F	0.00%	0.00%	0.00%	--
06/15/2017	14:45	FR CPI EU Harmonized YoY	May F	0.90%	0.90%	0.90%	--
06/15/2017	14:45	FR CPI MoM	May F	0.10%	0.00%	0.10%	--
06/15/2017	14:45	FR CPI YoY	May F	0.80%	0.80%	0.80%	--
06/15/2017	14:45	FR CPI Ex-Tobacco Index	May	101.31	101.28	101.23	--
06/15/2017	16:00	IT CPI EU Harmonized YoY	May F	1.50%	1.60%	1.50%	--
06/15/2017	16:30	UK Retail Sales Ex Auto Fuel MoM	May	-1.00%	-1.60%	2.00%	2.20%
06/15/2017	16:30	UK Retail Sales Ex Auto Fuel YoY	May	1.90%	0.60%	4.50%	4.60%
06/15/2017	16:30	UK Retail Sales Inc Auto Fuel MoM	May	-0.80%	-1.20%	2.30%	2.50%
06/15/2017	16:30	UK Retail Sales Inc Auto Fuel YoY	May	1.60%	0.90%	4.00%	4.20%
06/15/2017	17:00	EC Trade Balance SA	Apr	22.0b	19.6b	23.1b	22.2b
06/15/2017	19:00	UK Bank of England Bank Rate	Jun-15	0.25%	0.25%	0.25%	--
06/15/2017	19:00	UK BOE Asset Purchase Target	Jun	435b	435b	435b	--
06/15/2017	20:00	IN BoP Current Account Balance	1Q	-\$6.30b	-\$3.43b	-\$7.90b	-\$7.96b
06/15/2017	20:30	CA Manufacturing Sales MoM	Apr	0.90%	1.10%	1.00%	0.80%
06/15/2017	20:30	US Import Price Index MoM	May	-0.10%	-0.30%	0.50%	0.20%
06/15/2017	20:30	US Import Price Index YoY	May	2.90%	2.10%	4.10%	3.60%
06/15/2017	20:30	US Initial Jobless Claims	Jun-10	241k	237k	245k	--
06/15/2017	20:30	US Continuing Claims	Jun-03	1920k	1935k	1917k	1929k
06/15/2017	20:30	US Philadelphia Fed Biz Outlook	Jun	24.9	27.6	38.8	--
06/15/2017	20:30	US Empire Manufacturing	Jun	5	19.8	-1	--
06/15/2017	21:15	US Industrial Production MoM	May	0.20%	0.00%	1.00%	1.10%
06/15/2017	21:15	US Capacity Utilization	May	76.80%	76.60%	76.70%	--
06/15/2017	21:45	US Bloomberg Consumer Comfort	Jun-11	--	50	49.9	--
06/15/2017	22:00	US NAHB Housing Market Index	Jun	70	67	70	69
06/15/2017		IN Exports YoY	May	--	8.30%	19.80%	--
06/15/2017		IN Imports YoY	May	--	33.10%	49.10%	--
06/16/2017	04:00	US Total Net TIC Flows	Apr	--	\$65.8b	-\$0.7b	\$9.3b
06/16/2017	04:00	US Net Long-term TIC Flows	Apr	--	\$1.8b	\$59.8b	\$59.7b
06/16/2017	05:00	SK Export Price Index YoY	May	--	5.30%	8.70%	8.90%
06/16/2017	05:00	SK Import Price Index YoY	May	--	4.10%	9.30%	9.20%
06/16/2017	06:30	NZ BusinessNZ Manufacturing PMI	May	--	58.5	56.8	56.9
06/16/2017	08:30	SI NODX SA MoM	May	4.20%	8.10%	-9.00%	--
06/16/2017	08:30	SI Non-oil Domestic Exports YoY	May	-5.60%	-1.20%	-0.70%	-0.80%
06/16/2017	08:30	SI Electronic Exports YoY	May	11.90%	23.30%	4.80%	--
06/16/2017	11:00	NZ Non Resident Bond Holdings	May	--	--	61.50%	--
06/16/2017	14:00	EC EU27 New Car Registrations	May	--	--	-6.60%	--
06/16/2017	15:30	TH Foreign Reserves	Jun-09	--	--	\$185.0b	--
06/16/2017	16:00	IT Trade Balance Total	Apr	--	--	5418m	--
06/16/2017	17:00	EC CPI MoM	May	-0.10%	--	0.40%	0.40%
06/16/2017	17:00	EC CPI YoY	May F	1.40%	--	1.90%	1.90%
06/16/2017	17:00	EC CPI Core YoY	May F	0.90%	--	0.90%	--
06/16/2017	20:30	CA Int'l Securities Transactions	Apr	--	--	15.13b	--
06/16/2017	20:30	US Housing Starts	May	1220k	--	1172k	--
06/16/2017	20:30	US Building Permits	May	1249k	--	1229k	1228k
06/16/2017	22:00	US U. of Mich. Sentiment	Jun P	97	--	97.1	--
06/16/2017		JN BOJ Monetary Policy Statement					
06/16/2017		JN BOJ Policy Balance Rate	Jun-16	-0.10%	--	-0.10%	--
06/16/2017		JN BOJ 10-Yr Yield Target	Jun-16	0.00%	--	0.00%	--

Source: Bloomberg

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