

### Highlights

<b>Global</b>	<p>Wall Street closed in positive territory on Friday, with the S&amp;P500 at a record high as financial earnings from JPMorgan, Citigroup and Wells Fargo beat estimates, notwithstanding the somewhat soft US economic data releases. Notably, the US' softer-than-expected CPI reinforced market speculation that the lack of inflation conviction will continue to hinder the Fed's efforts to hike interest rates going forward. This may be supportive of Asian bourses this morning in relief trading. Japanese markets are closed today for holiday, but keep an eye on today's economic data release calendar which will kick off with China's data dump for 2Q17 GDP, retail sales and industrial output, US' Empire manufacturing, Indonesia's trade data, and Eurozone's CPI. Looking ahead, key US corporate earnings from the likes of Bank of America, Goldman Sachs, Morgan Stanley, American Express, Visa and Microsoft etc will continue to draw eyeballs. Central bank meetings included the ECB (likely static but hints on plans for its asset purchases program may be key) and BOJ policy meetings on Thursday.</p>
<b>US</b>	<p>Headline CPI decelerated from 1.9% yoy (-0.1% mom) in May to 1.6% yoy (0% mom) in June, which is the smallest increase since October. Core CPI rose 0.1% mom (+1.7% yoy) for a third straight month. Key price drags were airfares, autos and wireless phone services. The University of Michigan sentiments also softened from 95.1 to 93.1 in July, as expectations (80.2 from 83.9 previously) outweighed the current conditions (11.3 from 112.5 previously) gauge. Meanwhile, retail sales unexpectedly fell 0.2% mom in June and may weigh on 2Q growth. However, industrial production accelerated from a revised 0.1% mom gain in May to 0.4% in June, fuelled by mining, motor vehicles and materials. Business inventories also rebounded 0.3% in May, up from -0.2% in April, despite a soft sales performance.</p>
<b>EZ</b>	<p>German Chancellor Merkel said "I made clear when I announced my re-election bid that I would run for four years" if she wins the 24 September elections. Polls suggest her Christian Democratic-led bloc had 38% support, which is 13 points ahead of Social Democrats.</p>
<b>SG</b>	<p>NODX surged 8.2% yoy (-2.7% mom sa) in June, up from an upwardly revised 0.4% yoy (+9.4% mom sa) in May. This is very close to our forecast of 8.5% yoy (-1.1% mom sa) and is attributable largely to a low base in June 2016. Electronics exports eased from 28.9% yoy in May to 5.4% yoy in June, supported by ICs, while non-electronics exports actually rebounded from two straight months of on-year contraction to expand by 9.3% yoy in June, driven by non-monetary gold (+148%), specialised machinery (+76.1%) and petrochemicals (+13.7%) exports. Of the top 10 NODX markets, it was evenly divided between gainers and losers - higher NODX growth led by China (+48.9%), Japan (+26.7%), Korea (+56.9%), Malaysia (+1.7%) and HK (+1.6%), whereas the US (-5.7%) and Taiwan (-5.6%) brought up the rear.</p>
<b>MA</b>	<p>Malaysia sold 2047 Islamic government bonds at an average yield of 4.926%. According to Bank Negara, demand for the MYR2bn notes exceeded offer amount by 1.92 times.</p>

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## Major Markets

- **US:** Lower than expected inflation and retail sales did not hinder the equities on Friday, with most investors regarding the weak data as a positive due to the possibility that the pace of rate hikes will be slowed. Tech stocks put up a good showing to lead equities to record highs. Meanwhile, major banks were a drag after mixed earnings. The S&P 500 and Dow gained 0.47% and 0.39% to reach records, while the Nasdaq Composite rose 0.61% to close within a whisker of its record. VIX at 9.51, down 3.9%. Meanwhile, US Treasury yields were softer on weak inflation data and pressures from European government bonds. 2y and 10y benchmark yields stood at 1.36%, 2.33% respectively. Fedspeak is offline this week ahead of the July FOMC meeting.
- **Singapore:** STI rallied 1.6% on Friday to close at 3287.43 and may continue to make inroads towards the 3300 resistance ahead given S&P500's record close and Kospi's morning gains. The UST bond rally is likely to also set the tone for SGS market today. As the 3-month SOR plunged further to 0.75%, the tear with the 3-month SIBOR has widened to 38bps (which is the largest gap since 39bps on 26 September 2016).
- **China:** China concluded its once-in-five-years National Financial Work Conference last Saturday. The meeting re-emphasized the role of financial sector, which included two aspects. First, financial sector should continue to serve the real economy and meet the needs of financing needs. Second, China would strengthen supervision further to avert financial risk. Meanwhile, China would set up a new Financial Stability Committee under the State Council to be responsible for managing risk in the financial system. This will improve coordination among all major financial regulators including PBoC, CBRC, CSRC and CIRC, which will help close the gap for regulatory arbitrage. Two areas including high leverage by SOEs and local government debt will be put under close watch. We expect more M&A and promotion of direct financing to reduce the leverage in SOE sector.
- **Indonesia:** Bank Indonesia said that it expects July foreign reserves to exceed USD125bn. Deputy Governor Perry Warjiyo said that it expects foreign reserves to rebound as foreign currency demand normalizes from June and that the onshore FX supply has been buffered by global bond sales.
- **Commodities:** Crude oil prices continued to point higher into the weekend, with both WTI and Brent higher by one percentage point to \$46.54/bbl and \$48.91/bbl, respectively. Importantly, net-long speculative positions in crude oil continue to gain, suggesting that hedge fund managers remain bullish on oil prices last week. The gain in prices were seen despite news that OPEC's compliance with cuts had dropped to 92% in June (down from 110%) after accounting production data from secondary sources. Elsewhere, note that net-long speculative positions in gold have fallen for five consecutive weeks to its lowest since Jan 2016 (when gold was merely at \$1,100/oz).

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened on Friday, with swap rates trading 1-4bps lower across all tenors. Flows in SGD corporates were heavy, with mixed interest seen in STANLN-4.4%'26s, STHSP 3.95%-PERPs and HSBC 4.7%-PERPs. In the broader dollar space, the spread on JACI IG Corporates traded little changed at 188bps, while the yield on JACI HY Corporates rose 2bps to 6.87%. 10y UST yields fell 1bps to 2.33% on Friday, after softer than expected CPI data dragged yields lower.
- **New Issues:** Parkway Pantai Ltd has scheduled investor meetings for potential USD bond issuance from 17 Jul. ABM Investama Tbk PT has scheduled investor meetings for potential USD bond issuance from 17 Jul.

- **Rating Changes:** S&P has affirmed Country Garden Holdings Co Ltd's (Country Garden) 'BB' corporate credit rating and senior unsecured rating while revising the outlook to positive from stable. The rating action reflects S&P's expectation that Country Garden continues to benefit from robust sales, better operating cash flow and accelerated revenue growth that would allow the company's leverage to improve. Moody's has assigned ABM Investama Tbk (P.T.) (ABM) a corporate family and senior unsecured rating of 'Ba3'. The outlook is stable. The rating action reflects ABM's track record of maintaining strong performances, its focus on costs and prudent capital management. However, the rating is constrained by ABM's high exposure to the cyclical thermal coal industry, small scale, execution risk of extending the reserve life of its key mines and customer concentration risk. Fitch has assigned ABM Investama Tbk (P.T.) (ABM) an Issuer Default Rating and expected senior unsecured rating of 'BB-'. The outlook is stable. The rating action reflects ABM's well established and diversified operations. However, the rating is constrained due to ABM's heavy reliance on the coal industry and its rapidly depleting reserves and a concession that ends in 2021. Fitch has upgraded MIE Holding Corporation's (MIE) Issuer Default Rating to 'CC' from 'C', while downgrading the rating on its outstanding 2018 and 2019 bonds to 'C' from 'CC' and 'CCC' respectively. Fitch has also removed the company's 2019 bonds from Rating Watch Negative. The rating action reflects MIE's sizeable debt maturities and weak cash generation ability from its existing operations.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.153	-0.60%	<b>USD-SGD</b>	1.3719	-0.17%
<b>USD-JPY</b>	112.530	-0.66%	<b>EUR-SGD</b>	1.5732	0.45%
<b>EUR-USD</b>	1.1470	0.63%	<b>JPY-SGD</b>	1.2184	0.45%
<b>AUD-USD</b>	0.7832	1.31%	<b>GBP-SGD</b>	1.7958	1.00%
<b>GBP-USD</b>	1.3098	1.23%	<b>AUD-SGD</b>	1.0762	1.29%
<b>USD-MYR</b>	4.2922	--	<b>NZD-SGD</b>	1.0074	0.15%
<b>USD-CNY</b>	6.7753	-0.12%	<b>CHF-SGD</b>	1.4232	0.18%
<b>USD-IDR</b>	13339	-0.07%	<b>SGD-MYR</b>	3.1245	0.26%
<b>USD-VND</b>	22731	0.01%	<b>SGD-CNY</b>	4.9411	0.24%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	21,637.74	84.65
<b>S&amp;P</b>	2,459.27	11.44
<b>Nasdaq</b>	6,312.47	38.03
<b>Nikkei 225</b>	20,118.86	19.05
<b>STI</b>	3,287.43	51.76
<b>KLCI</b>	1,755.00	1.22
<b>JCI</b>	5,831.80	1.75
<b>Baltic Dry</b>	900.00	12.00
<b>VIX</b>	9.51	-0.39

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3730	--	<b>O/N</b>	1.1772	-0.0011
<b>2M</b>	-0.3410	--	<b>1M</b>	1.2261	0.0006
<b>3M</b>	-0.3310	--	<b>2M</b>	1.2567	-0.0006
<b>6M</b>	-0.2730	--	<b>3M</b>	1.3036	--
<b>9M</b>	-0.2070	--	<b>6M</b>	1.4560	--
<b>12M</b>	-0.1510	--	<b>12M</b>	1.7398	0.0019

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.20 (-0.04)	1.36 (-0.01)
<b>5Y</b>	1.50 (+0.02)	1.87 (-0.02)
<b>10Y</b>	2.10 (-0.01)	2.33 (-0.01)
<b>15Y</b>	2.32 (-0.01)	--
<b>20Y</b>	2.35 (-0.01)	--
<b>30Y</b>	2.42 (-)	2.92 (-)

### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
07/26/2017	0.00%	0.10%	99.90%	0.00%	0.00%
09/20/2017	10.10%	0.10%	89.80%	10.10%	0.00%
11/01/2017	12.70%	0.10%	87.20%	12.40%	0.30%
12/13/2017	43.40%	0.10%	56.60%	38.70%	4.50%
01/31/2018	44.40%	0.10%	55.50%	39.10%	5.20%
03/21/2018	62.40%	0.00%	37.60%	44.40%	16.20%

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	13.98	0.33
<b>EURIBOR-OIS</b>	2.75	-0.10
<b>TED</b>	27.20	-0.02

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	46.54	1.00%	Copper (per mt)	5,932.6	1.11%
Brent (per barrel)	48.91	1.01%	Nickel (per mt)	9,530.0	3.98%
Heating Oil (per gallon)	1.5150	1.56%	Aluminium (per mt)	1,908.8	0.08%
Gasoline (per gallon)	1.5605	2.25%			
Natural Gas (per MMBtu)	2.9800	0.64%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,568.0	0.43%
			Rubber (JPY/KG)	201.6	0.85%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,227.5	0.84%			
Silver (per oz)	15.933	1.54%			

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

## CFTC Commodities Futures and Options

For the week ended: 11 Jul 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	157,654	12,240	145,414	Gold	55,034	90,681	-35,647
Soybean	16,733	-70,802	87,535	Natural Gas	-34,675	-20,456	-14,219
Wheat	36,480	12,831	23,649	Silver	12,981	25,564	-12,583
Nymex Crude	405,935	386,182	19,753	Sugar	-62,077	-49,917	-12,160
RBOB Gasoline	49,786	42,205	7,581	Live Cattle	144,050	148,877	-4,827
Lean Hogs	86,724	83,374	3,350	Copper	11,854	16,221	-4,367
Heating Oil	7,844	4,826	3,018	Cotton	35,505	39,213	-3,708
Coffee	-32,138	-31,148	-990	Cocoa	-40,120	-36,417	-3,703
Palladium	18,571	20,126	-1,555	Platinum	5,262	7,997	-2,735

## Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
07/14/2017	02:00	US Monthly Budget Statement	Jun	-\$38.0b	-\$90.2b	\$6.3b	--
07/14/2017	06:30	NZ BusinessNZ Manufacturing PMI	Jun	--	56.2	58.5	58.2
07/14/2017	08:00	SI GDP YoY	2Q A	2.70%	2.50%	2.70%	2.50%
07/14/2017	08:00	SI GDP SAAR QoQ	2Q A	1.10%	0.40%	-1.30%	-1.90%
07/14/2017	12:30	JN Industrial Production MoM	May F	--	-3.60%	-3.30%	--
07/14/2017	12:30	JN Industrial Production YoY	May F	--	6.50%	6.80%	--
07/14/2017	12:30	JN Capacity Utilization MoM	May	--	-4.10%	4.30%	--
07/14/2017	14:00	EC EU27 New Car Registrations	Jun	--	2.10%	7.60%	--
07/14/2017	14:30	IN Wholesale Prices YoY	Jun	1.39%	0.90%	2.17%	--
07/14/2017	15:30	TH Foreign Reserves	Jul-07	--	\$184.3b	\$185.6b	--
07/14/2017	16:00	IT CPI EU Harmonized YoY	Jun F	1.20%	1.20%	1.20%	--
07/14/2017	17:00	IT Trade Balance Total	May	--	4342m	3601m	3603m
07/14/2017	20:30	US CPI MoM	Jun	0.10%	0.00%	-0.10%	--
07/14/2017	20:30	US CPI Ex Food and Energy MoM	Jun	0.20%	0.10%	0.10%	--
07/14/2017	20:30	US CPI YoY	Jun	1.70%	1.60%	1.90%	--
07/14/2017	20:30	US CPI Ex Food and Energy YoY	Jun	1.70%	1.70%	1.70%	--
07/14/2017	20:30	US Retail Sales Advance MoM	Jun	0.10%	-0.20%	-0.30%	-0.10%
07/14/2017	20:30	US Retail Sales Ex Auto MoM	Jun	0.20%	-0.20%	-0.30%	--
07/14/2017	20:30	US Retail Sales Ex Auto and Gas	Jun	0.40%	-0.10%	0.00%	--
07/14/2017	21:15	US Industrial Production MoM	Jun	0.30%	0.40%	0.00%	0.10%
07/14/2017	21:15	US Capacity Utilization	Jun	76.80%	76.60%	76.60%	76.40%
07/14/2017	22:00	US U. of Mich. Sentiment	Jul P	95	93.1	95.1	--
07/17/2017	07:01	UK Rightmove House Prices MoM	Jul	--	0.10%	-0.40%	--
07/17/2017	07:01	UK Rightmove House Prices YoY	Jul	--	2.80%	1.80%	--
07/17/2017	08:30	SI Non-oil Domestic Exports SA MoM	Jun	-4.90%	--	8.10%	--
07/17/2017	08:30	SI Non-oil Domestic Exports YoY	Jun	5.10%	--	-1.20%	--
07/17/2017	10:00	CH Retail Sales YoY	Jun	10.60%	--	10.70%	--
07/17/2017	10:00	CH Fixed Assets Ex Rural YTD YoY	Jun	8.50%	--	8.60%	--
07/17/2017	10:00	CH Industrial Production YoY	Jun	6.50%	--	6.50%	--
07/17/2017	10:00	CH Industrial Production YTD YoY	Jun	6.70%	--	6.70%	--
07/17/2017	10:00	CH GDP YoY	2Q	6.80%	--	6.90%	--
07/17/2017	10:00	CH GDP YTD YoY	2Q	6.80%	--	6.90%	--
07/17/2017	17:00	EC CPI MoM	Jun	0.00%	--	-0.10%	-0.10%
07/17/2017	17:00	EC CPI YoY	Jun F	1.30%	--	1.40%	1.40%
07/17/2017	17:00	EC CPI Core YoY	Jun F	1.10%	--	1.10%	--
07/17/2017	20:30	CA Int'l Securities Transactions	May	--	--	10.60b	--
07/17/2017	20:30	US Empire Manufacturing	Jul	15	--	19.8	--
07/17/2017		PH Overseas Remittances YoY	May	5.20%	--	-5.90%	--
07/17/2017		PH Overseas Workers Remittances	May	\$2350m	--	\$2083m	--
07/17/2017		ID Exports YoY	Jun	0.25%	--	24.08%	--
07/17/2017		ID Trade Balance	Jun	\$744m	--	\$474m	--
07/14/2017	07/17	IN Exports YoY	Jun	--	4.40%	8.30%	--
07/14/2017	07/17	IN Imports YoY	Jun	--	19.00%	33.10%	--

Source: Bloomberg

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