

Highlights

Global	<p>Market sentiment has been weighed down by ongoing saga in Washington, D.C. News surrounding allegations that President Trump had pressed then-FBI director James Comey to drop a probe into former National Security Adviser Michael Flynn regarding Russian connections continued to dampen market outlook. The latest is that the Justice Department has appointed former FBI director Robert Mueller as a special counsel to oversee FBI's investigation into the matter. The sense is that, at the very least, the seemingly never-ending drama would distract the administration away from pursuing the aggressive economic agenda involving large tax cuts and infrastructure build-up that it has long touted. The uptick in political risk in the US has increased risk aversion, with S&P 500 down by 1.8% overnight, while gold hit a two-week high and Treasuries rallied on haven demand. Odds of a June rate hike by the Fed have also declined from 80% a week ago to 60% overnight.</p> <p>Meanwhile, Japan reported Q1 GDP growth of 2.2% annualized, better than the 1.7% that market expected. This marks the fifth straight quarter of expansion, bolstered by exports and better-than-expected pickup in business spending even as private consumption remains relatively lackluster.</p>
US	<p>Equities slumped heavily as the political turmoil surrounding Trump deepens, with ex-FBI chief Mueller placed to oversee the probe into Russian influence in the elections. It remains to be seen if Trump's position will be undermined. More pressing for equities, though, is how realistic is the expectation for tax reform policies to pass Congress given the current state of affairs. The Nasdaq led the decline, falling 2.57%, with the S&P 500 and Dow also losing 1.82% and 1.78%. VIX saw a large spike higher, up 46.4% to 15.59.</p>
CH	<p>Chinese banks net sold US\$14.9 billion foreign currency in April. Continuous decline in net foreign currency sales over the past three months means that the three consecutive months of rebound in FX reserve was mainly due to the valuation effect rather than capital inflows. However, according to the SAFE, households' purchase of foreign exchange dropped on both yearly and monthly basis and reached its lowest level in nearly one and a half years in April. This reinforces that a combination of capital controls, a stable RMB outlook and muted USD performance have alleviated the pressure of capital outflows. Still, we expect the mild deficit of net foreign currency sales to persist in the coming months.</p>
ID	<p>Finance Minister Sri Mulyani reportedly said that it is "very critical" for Indonesia to aim for growth above 5.6% by providing "all possible policy designs" to accelerate economic expansion. In an interview with Bloomberg, she expressed hopes that the government will not need to cut 2017 spending, although she noted that there may be a shift to more productive expenditures. Separately, Bank Indonesia is due to announce its monetary policy decision today. It is widely expected to keep its policy rate unchanged at 4.75% with inflationary risk in mind.</p>
MA	<p>PM Najib said that the termination of the previous agreement with ICSB, a consortium comprising Iskandar Waterfront Holdings and China Railway Engineering, to develop TRX City, is final. He added that the government will be inviting interested parties to take on the role of master developer for the project.</p>

Major Markets

- **US:** Treasuries benefited from the safe haven flows. Market implied odds for a June rate hike also tumbled to around 60%, as investors questioned whether the Fed will move amidst political uncertainties. 10-year Treasuries outperformed, with benchmark yields slumping 10 bps to 2.22%. 2-year benchmark yields were lower by 5 bps to 1.25%.
- **Singapore:** STI declined by 0.11% to close at 3224.10 on Wednesday. The index was dragged by companies like Jardine Cycle & Carriage Ltd (-177%) and SIA Engineering Co Ltd (-1.52%) while equities like Singapore Airlines Ltd (+2.38%) and SATS Ltd (+1.34%) helped to cushion the fall.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, trading 2-5bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in UOBSP 3.5%'s, mixed interest in FCLSP 4.15%'27s, STANLN 4.4%'26s, MSFSSP 5.5%'20s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 196bps, while the yield on JACI HY corporates fell 2bps to 6.76%. 10y UST yields plunged 10bps to 2.22% yesterday, following reports that US President Donald Trump pressured former FBI head Comey to end an investigation before firing him last week. The odds of a Fed rate hike in June fell to as low as 58%.
- **New Issues:** BOC Aviation Ltd. priced a USD500mn 5-year bond at CT5+130bps, tightening from initial guidance of CT5+155bps. The expected issue ratings are 'BBB+/NR/A-'. ICBC Dubai (DIFC) Branch priced a EUR500mn 3-year bond at 3mE+60bps, tightening from initial guidance of 3mE+75bps area. The expected issue ratings are 'NR/A1/NR'. Amber Treasure Ventures Ltd. hired banks for potential USD bond issuance (guaranteed by Nan Hai Corporation Ltd). Beijing Gas Singapore Capital Corporation scheduled investor roadshows from 18 May for potential USD bond (guaranteed by Beijing Gas Group Company Ltd.) issuance. The expected issue ratings are 'A-/A3/A'. Transportation Partners Pte Ltd scheduled investor roadshows from 18 May for potential USD bond issuance. Tower Bersama Infrastructure Tbk PT plans to issue up to USD500mn of bonds.
- **Rating Changes:** S&P downgraded Chinese property developer KWG Property Holding Ltd.'s (KWG) corporate credit rating to 'B+' from 'BB-'. In addition, S&P downgraded the issue rating on the company's outstanding senior unsecured notes to 'B' from 'B+' The outlook is stable. The rating action reflects S&P's expectation that KWG's financial leverage will remain elevated for the previous 'BB-' rating category in the next 12-18 months following a material weakening in 2016. S&P downgraded Yuexiu Property Co. Ltd.'s (Yuexiu) corporate credit rating to 'BB+' from 'BBB-'. The rating outlook is stable. In addition, S&P removed all of Yuexiu's ratings from CreditWatch. The rating action reflects the company's intention to continue purchasing land despite high leverage, S&P's expectation for slower revenue recognition and only a mild margin recovery in 2017-2018, partly as a result of the company offering more fully furnished units, which have a longer development cycle. S&P upgraded Energy Partnership (Gas) Pty Ltd.'s (EPG) issuer credit rating to 'BBB' from 'BBB-', following the completion of the acquisition by a consortium led by Cheung Kong Infrastructure Holdings Ltd. (CKI). In addition, S&P upgraded the underlying issue ratings on all of the company's outstanding senior unsecured debt to 'BBB' from 'BBB-', and removed all ratings from CreditWatch. The rating outlook is stable. The rating action reflects S&P's expectation of continued stability in the company's underlying cash flows from operations under a strong regulatory framework. Moody's assigned Metallurgical Corporation of China Ltd. (MCC) a first-time 'Baa2' issuer rating. In addition, Moody's assigned a 'Baa2' rating to the proposed USD senior unsecured notes to be issued by MCC Holding (Hong Kong) Corporation Limited and guaranteed by MCC. The rating action incorporates its standalone credit strength (which is equivalent to a 'Ba2' rating level)

and a three-notch uplift, based on Moody's expectation that the company will receive strong support from its parent, China Metallurgical Group Corporation, in times of stress. Moody's placed United Photovoltaics Group Limited's (United PV) 'Ba3' corporate family rating and 'B1' senior unsecured rating on review for downgrade. The rating review follows United PV's proposal to engage in the hydropower business, in addition to its core solar power business, its high level of capital expenditure in 2017 and the potential heightening in execution risks from such a rapid expansion.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.575	-0.54%	USD-SGD	1.3905	-0.33%
USD-JPY	110.830	-2.02%	EUR-SGD	1.5515	0.35%
EUR-USD	1.1159	0.69%	JPY-SGD	1.2547	1.74%
AUD-USD	0.7432	0.08%	GBP-SGD	1.8029	0.05%
GBP-USD	1.2970	0.41%	AUD-SGD	1.0330	-0.29%
USD-MYR	4.3235	0.05%	NZD-SGD	0.9649	0.49%
USD-CNY	6.8784	-0.12%	CHF-SGD	1.4200	0.36%
USD-IDR	13324	0.18%	SGD-MYR	3.1000	0.34%
USD-VND	22684	--	SGD-CNY	4.9427	0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.9283	--
2M	-0.3410	--	1M	0.9991	--
3M	-0.3310	--	2M	1.0783	--
6M	-0.2500	--	3M	1.1812	--
9M	-0.1790	--	6M	1.4204	--
12M	-0.1280	--	12M	1.7454	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.17 (-0.02)	1.25 (-0.05)	-0.69 (-0.03)	-0.44 (-0.02)	-0.26 (-0.04)
5Y	1.56 (-0.04)	1.75 (-0.09)	-0.36 (-0.06)	-0.10 (-0.05)	0.84 (-0.07)
10Y	2.08 (-0.05)	2.22 (-0.1)	0.38 (-0.06)	0.83 (-0.06)	2.15 (-0.08)
15Y	2.23 (-0.06)	--	0.61 (-0.06)	1.19 (-0.06)	2.68 (-0.07)
20Y	2.35 (-0.06)	--	0.90 (-0.06)	1.52 (-0.06)	2.80 (-0.07)
30Y	2.41 (-0.06)	2.92 (-0.08)	1.19 (-0.06)	1.81 (-0.07)	3.27 (-0.06)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	82.5%	0.0%	82.5%	0.0%	0.0%
26/07/2017	78.8%	0.8%	78.8%	0.0%	0.0%
20/09/2017	84.1%	0.6%	63.6%	20.5%	0.0%
13/12/2017	87.7%	0.4%	52.3%	30.1%	5.1%
31/01/2018	87.9%	0.4%	51.5%	30.5%	5.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.07	0.84%	Copper (per mt)	5,605.2	-0.08%
Brent (per barrel)	52.21	1.08%	Nickel (per mt)	9,182.0	1.07%
Heating Oil (per gallon)	1.5335	1.13%	Aluminium (per mt)	1,919.3	0.08%
Gasoline (per gallon)	1.6027	-0.10%			
Natural Gas (per MMBtu)	3.1920	-1.18%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,886.0	1.83%
			Rubber (JPY/KG)	309.5	4.07%
Precious Metals	Futures	% chg			
Gold (per oz)	1,258.7	1.80%			
Silver (per oz)	16.852	0.95%			

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

Equity and Commodity

Index	Value	Net change
DJIA	20,606.93	-372.82
S&P	2,357.03	-43.64
Nasdaq	6,011.24	-158.63
Nikkei 225	19,814.88	-104.94
STI	3,224.10	-3.61
KLCI	1,775.65	-2.50
JCI	5,615.49	-31.51
Baltic Dry	960.00	-20.00
VIX	15.59	4.94

Financial Spread (bps)

	Value	Change
LIBOR-OIS	14.70	0.62
EURIBOR-OIS	3.00	0.22
TED	28.01	--

Government CDS (USD)

	5Y	% Change
Germany	16.744	1.53%
France	30.094	0.53%
Italy	162.617	0.86%

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
05/17/2017	05:00	SK	Export Price Index MoM	Apr	--	0.50%	-1.40%	-1.30%
05/17/2017	05:00	SK	Export Price Index YoY	Apr	--	8.70%	4.90%	5.00%
05/17/2017	05:00	SK	Import Price Index YoY	Apr	--	9.30%	6.90%	6.80%
05/17/2017	06:45	NZ	PPI Output QoQ	1Q	--	1.40%	1.50%	--
05/17/2017	06:45	NZ	PPI Input QoQ	1Q	--	0.80%	1.00%	--
05/17/2017	07:50	JN	Machine Orders MoM	Mar	2.50%	1.40%	1.50%	--
05/17/2017	07:50	JN	Machine Orders YoY	Mar	1.20%	-0.70%	5.60%	--
05/17/2017	08:30	AU	Westpac Cons Conf SA MoM	May	--	-1.10%	-0.70%	--
05/17/2017	08:30	SI	NODX SA MoM	Apr	-1.40%	-9.00%	-1.10%	--
05/17/2017	08:30	SI	Electronic Exports YoY	Apr	9.30%	4.80%	5.20%	--
05/17/2017	08:30	SI	Non-oil Domestic Exports YoY	Apr	13.00%	-0.70%	16.50%	--
05/17/2017	09:30	AU	Wage Price Index QoQ	1Q	0.50%	0.50%	0.50%	0.40%
05/17/2017	09:30	AU	Wage Price Index YoY	1Q	1.90%	1.90%	1.90%	--
05/17/2017	10:35	ID	Motorcycle Sales	Apr	--	388045	473896	--
05/17/2017	10:35	ID	Local Auto Sales	Apr	--	89588	101484	102336
05/17/2017	12:00	MA	CPI YoY	Apr	4.50%	4.40%	5.10%	--
05/17/2017	12:30	JN	Industrial Production MoM	Mar F	--	-1.90%	-2.10%	--
05/17/2017	12:30	JN	Industrial Production YoY	Mar F	--	3.50%	3.30%	--
05/17/2017	12:30	JN	Capacity Utilization MoM	Mar	--	-1.60%	3.20%	--
05/17/2017	16:00	IT	Trade Balance Total	Mar	--	5418m	1884m	1880m
05/17/2017	16:30	UK	Claimant Count Rate	Apr	--	2.30%	2.20%	--
05/17/2017	16:30	UK	Jobless Claims Change	Apr	--	19.4k	25.5k	33.5k
05/17/2017	16:30	UK	ILO Unemployment Rate 3Mths	Mar	4.70%	4.60%	4.70%	--
05/17/2017	17:00	EC	CPI MoM	Apr	0.40%	0.40%	0.80%	0.80%
05/17/2017	17:00	EC	CPI YoY	Apr F	1.90%	1.90%	1.50%	1.50%
05/17/2017	17:00	EC	CPI Core YoY	Apr F	1.20%	1.20%	1.20%	--
05/17/2017	19:00	US	MBA Mortgage Applications	May-12	--	-4.10%	2.40%	--
05/17/2017	20:30	CA	Manufacturing Sales MoM	Mar	1.30%	1.00%	-0.20%	-0.60%
05/18/2017	07:50	JN	GDP SA QoQ	1Q P	0.50%	--	0.30%	--
05/18/2017	07:50	JN	GDP Annualized SA QoQ	1Q P	1.70%	--	1.20%	--
05/18/2017	07:50	JN	GDP Nominal SA QoQ	1Q P	0.10%	--	0.40%	--
05/18/2017	07:50	JN	GDP Deflator YoY	1Q P	-0.70%	--	-0.10%	--
05/18/2017	07:50	JN	Japan Buying Foreign Bonds	May-12	--	--	¥426.1b	--
05/18/2017	07:50	JN	Japan Buying Foreign Stocks	May-12	--	--	¥108.3b	--
05/18/2017	07:50	JN	Foreign Buying Japan Bonds	May-12	--	--	¥39.7b	--
05/18/2017	07:50	JN	Foreign Buying Japan Stocks	May-12	--	--	¥241.5b	--
05/18/2017	09:30	AU	RBA FX Transactions Market	Apr	--	--	A\$1248m	--
05/18/2017	09:30	AU	Employment Change	Apr	5.0k	--	60.9k	--
05/18/2017	09:30	AU	Unemployment Rate	Apr	5.90%	--	5.90%	--
05/18/2017	09:30	AU	Full Time Employment Change	Apr	--	--	74.5k	--
05/18/2017	09:30	AU	Part Time Employment Change	Apr	--	--	-13.6k	--
05/18/2017	09:30	AU	Participation Rate	Apr	64.70%	--	64.80%	--
05/18/2017	10:00	PH	GDP YoY	1Q	6.70%	--	6.60%	--
05/18/2017	10:00	PH	GDP SA QoQ	1Q	1.50%	--	1.70%	--
05/18/2017	13:30	FR	ILO Unemployment Rate	1Q	10.00%	--	10.00%	--
05/18/2017	14:30	JN	Tokyo Condominium Sales YoY	Apr	--	--	26.60%	--
05/18/2017	16:30	UK	Retail Sales Ex Auto Fuel MoM	Apr	1.00%	--	-1.50%	--
05/18/2017	16:30	UK	Retail Sales Ex Auto Fuel YoY	Apr	2.60%	--	2.60%	--
05/18/2017	16:30	UK	Retail Sales Inc Auto Fuel MoM	Apr	1.10%	--	-1.80%	--
05/18/2017	16:30	UK	Retail Sales Inc Auto Fuel YoY	Apr	2.10%	--	1.70%	--
05/18/2017	19:30	EC	ECB account of policy meeting					
05/18/2017	20:30	CA	Int'l Securities Transactions	Mar	--	--	38.84b	--
05/18/2017	20:30	US	Initial Jobless Claims	May-13	240k	--	236k	--
05/18/2017	20:30	US	Continuing Claims	May-06	1950k	--	1918k	--
05/18/2017	20:30	US	Phil Fed Business Outlook	May	18.5	--	22	--
05/18/2017	21:45	US	Bloomberg Consumer Comfort	May-14	--	--	49.7	--
05/18/2017	21:45	US	Bloomberg Eco Expectations	May	--	--	53.5	--
05/18/2017	22:00	US	Leading Index	Apr	0.40%	--	0.40%	--
05/18/2017		HK	Composite Interest Rate	Apr	--	--	0.32%	--
05/18/2017		ID	Bank Indonesia 7D Reverse Repo	May-18	4.75%	--	4.75%	--

Source: Bloomberg

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