

### Highlights

Global	Market sentiment was affected by renewed pressure on energy stocks overnight. Even though OPEC members managed to strike an agreement among themselves and with some key non-members such as Russia, on extending the existing production curb by nine more months, market appears to have been disappointed by lack of clarity on what happens thereafter. As a result, oil price plunged, with WTI plunging more than 5% to end below USD49 per barrel. Bond market saw some support, however, with 10-year US Treasury lingering around 2.25% level, on the back of potentially lower inflation.
CH	The PBOC seems to have attempted to lift the RMB spot rate against the dollar yesterday. This may help to briefly narrow the widening gap between market estimates and the eventual USDCNY mid-points. However, as the EUR and GBP remain strong, RMB index may continue to face downward pressures despite the PBOC's effort to push up the fixing or the spot rate.
HK	Total exports growth continued to growth by 7.1% yoy in April due to improved external demand on the back of global recovery. The shipments to Asian countries, such as Mainland China (+4% yoy), Japan (+9.8%), India (+96.9% yoy) and Taiwan (+30% yoy), all sustained their solid growth. However, exports to the US retreated by 1.9% yoy. As Trump's government may find it difficult to carry out fiscal stimulus, the US economy may not be as strong as we previously expected. If this is the case, demand from the US would expand at a fast pace and lend little support to HK's exports.
ID	President Jokowi has ordered police to investigate and prosecute the perpetrators behind suicide bomb attacks in East Jakarta on Wednesday, and has called for calm among Indonesians. Separately, the so-called Islamic State has claimed responsibility for the attack.
MA	Malaysia Airlines said that it has started its relisting process. According to reports by the Malaysian Reserve, the company is looking at possible relisting in Q1 next year. It expects a full-year loss in 2017 but claims to be on track for a profitable 2018.
TH	The Bank of Korea kept its benchmark rate unchanged at 1.25%, as widely expected by market-watchers. It has been a year since BOK adjusted rates (the last cut was in June 2016). Importantly, this is also the first meeting since President Moon Jae-in took office. In a nutshell, the central bank observes that domestic economic growth has expanded, while initial volatility in its financial markets seen in the early part of this year has calmed to-date.
Commodities	The market was clearly disappointed at OPEC's decision overnight at Vienna. Crude oil prices tanked with WTI shading below the coveted \$50/bbl support handle while Brent closed \$51.46/bbl (-4.6%). In a nutshell, there was nothing interesting at the last OPEC meeting; the oil producers extended its production cut period for another nine months, rather than twelve months as what the market had hoped. Moreover, the cartel kept its supply cut level unchanged at 1.8 million barrels per day (bpd), disappointing market expectations for a deeper cut beyond that level. Note Saudi's Khalid al-Falih commented that "we have considered various scenarios, from six (months) to nine to twelve, and even considered options for a higher cut... (but) a nine-month extension is the optimum."

## Major Markets

- **US:** The S&P 500 and Nasdaq broke new records on Thursday, rising 0.44% and 0.69% to 2415.07 and 6205.26 respectively. Meanwhile, the Dow also rose 0.34% to 21082.95, a shade below its record. Equities were carried by retailers, with Best Buy Co. surging 22% after topping estimates, and tech stocks. Energy stocks were pressured by the 4.8% slump in crude oil price amidst a somewhat underwhelming OPEC deal. Elsewhere, VIX faded below 10 to close at 9.99, down 0.30%. US Treasuries were largely unchanged, with the 10-year benchmark yield static, and the 2-year yield higher by 1 bp to 1.29%. A new 7-year auction was priced at 2.06%.
- **Singapore:** STI rose marginally by 0.1% on Thursday. The gains were led by CapitaLand Ltd (+1.73%), Genting Singapore PLC (+1.29%), and Hutchison Port Holdings Trust (+1.22%) while companies such as ComfortDelGro Corp Ltd (-1.22%), CapitaLand Mall Trust (-1.01%) and Sembcorp Industries Ltd (-0.93%) limited the advance of the group.
- **Hong Kong:** On a positive note, the lowered possibility of a stronger HKD amid the muted greenback performance may ease some downward risks on exports. Therefore, resilience in exports is expected to remain intact. Elsewhere, imports edged up 7.3%, in turn narrowing trade deficit further to HKD34.1 billion. As the upward pressure on commodity prices was shrugged off due to an expected decrease in China's demand, imports may increase at a slower pace. This signals that the trade deficit could improve further.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates falling 2-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in RHTSP 4.5%'18s, better selling seen in GEMAU 5.5%'19s, BAERVX 5.75%'49s, mixed interests in FCLSP 4.15%'27s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 198bps, while the yield on JACI HY corporates fell 2bps to 6.83%. 10y UST yields rose 1bps yesterday to 2.26%, with a June rate hike being further reinforced after Wednesday's minutes.
- **New Issues:** Century Sunshine Group Holdings Ltd priced a SGD100mn 3NC2 bond at 7%. Tuan Sing Holdings Ltd priced a SGD120mn 3-year bond at 6%. Kookmin Bank priced a USD400mn 5-year bond at 3mL+95bps. Dr.Peng Holding Hongkong Ltd. priced a USD500mn 3-year bond (guaranteed by Dr.Peng Telecom & Media Group Co.) at 5.05%, tightening from initial guidance of 5.5%. The expected issue ratings are 'BB-/Ba2/NR'. APL Realty Holdings Pte. Ltd. priced a USD300mn 7NC4 bond (guaranteed by PT Agung Podomoro Land Tbk and its other subsidiaries) at 5.95%, tightening from initial guidance of 6.25%. The expected issue ratings are 'NR/Ba3/BB-'. Melco Resorts Finance Ltd. (MPEL) priced a USD650mn 8NC3 bond at 4.875%, tightening from initial guidance of 5.25%. The expected issue ratings are 'BB-/Ba3/NR'. Korea East-West Power Co Ltd scheduled investor roadshows from 2 Jun for potential USD bond issuance.
- **Rating Changes:** S&P affirmed Fujitsu Ltd.'s (Fujitsu) corporate credit rating at 'BBB+', and revised the rating outlook to positive from stable. The rating action reflects Fujitsu's progress in restructuring its businesses, which is likely to improve its profitability gradually and its key financial ratios as it continues to sell noncore hardware businesses with low profitability and reduce its costs. Following the downgrade of Hong Kong's sovereign rating, Moody's affirmed Bank of China (Hong Kong) Limited's (BOC (Hong Kong))'s baseline credit assessment (BCA) and adjusted BCA at 'A2', China Construction Bank (Asia) Corporation Ltd's (CCB (Asia))and Industrial and Commercial Bank of China (Asia) Ltd. (ICBC (Asia))'s BCAs and adjusted BCAs at 'Baa1', and Industrial and Commercial Bank of China (Macau) Ltd (ICBC (Macau))'s BCA at 'Baa3' and adjusted BCA at 'Baa2'. In addition, Moody's affirmed China Construction Bank (Asia) Corporation Ltd.'s (CCB (Asia)) senior unsecured

debt ratings at 'A2'. Moody's also downgraded MTR Corporation Limited's (MTRC) and Kowloon-Canton Railway Corporation's (KCRC) issuer and senior unsecured ratings to 'Aa2' from 'Aa1'. In addition, Moody's downgraded the senior unsecured ratings of MTR Corporation (C.I.) Limited by one notch to 'Aa2' from 'Aa1'. The ratings outlook has been revised to stable from negative. In addition, Moody's downgraded The Hong Kong Mortgage Corporation Ltd.'s (HKMC) issuer and senior unsecured ratings to 'Aa2' from 'Aa1' and its senior unsecured MTN program ratings to '(P)Aa2' from '(P)Aa1'. The outlook on the issuer and senior unsecured debt ratings was also revised to stable from negative. Moody's affirmed JXTG Holdings Inc.'s (JXTG) 'Baa2' issuer rating and revised the rating outlook to stable from negative. The rating action reflects Moody's expectation that JXTG's credit profile will strengthen, because of its improved business profile from its merger with TonenGeneral (merged on 1 Apr 2017) and a better commodity price environment. Moody's affirmed Japan Petroleum Exploration Co. Ltd.'s (JAPEX) issuer rating at 'Baa1', and revised the rating outlook to stable from negative. The rating action reflects Moody's expectations for JAPEX's credit metrics and profitability to benefit from the recent upturn in oil prices. Moody's has affirmed SGSP (Australia) Assets Pty Ltd's (SGSPAA) and Jemena Limited's (Jemena)'s 'A3' senior unsecured debt ratings and Jemena's '(P)A3' senior unsecured MTN program ratings. Moody's also affirmed SGSPAA's 'A3' issuer and '(P)A3' senior unsecured MTN program ratings. In addition, Moody's revised the outlook on the ratings to negative from stable. The rating action reflects the downward pressure on SGSPAA's 'A3' rating following the downgrade of State Grid International Development Limited's (SGID, owns 60% of SGSPAA) rating to 'A2' from 'A1' on May 24. According to Moody's, SGID's downgrade indicates a reduction in its capacity to provide timely support to SGSPAA. Fitch downgraded Noble Group Limited's (Noble) Foreign-Currency Issuer Default Rating (IDR), senior unsecured rating, and the ratings on all its outstanding senior unsecured notes to 'B-' from 'BB-'. In addition, the ratings have been placed on Rating Watch Negative. The rating actions reflect the need for Noble to address debt maturities of USD2.0-2.1bn over the next 12 months. Moreover, Fitch added that the continuous negative news about the company and resultant weak sentiment is likely to make refinancing negotiations more difficult than expected. Fitch affirmed China Shenhua Energy Company Limited's (Shenhua) Foreign-Currency Issuer Default Rating (IDR) at 'A+', and revised the outlook to stable from negative. The rating action reflects the company's better-than-forecast credit metrics in 2016, and Fitch's expectation the company will continue to deleverage after 2017.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	97.248	0.01%	<b>USD-SGD</b>	1.3866	0.14%
<b>USD-JPY</b>	111.840	0.31%	<b>EUR-SGD</b>	1.5544	0.07%
<b>EUR-USD</b>	1.1210	-0.08%	<b>JPY-SGD</b>	1.2399	-0.15%
<b>AUD-USD</b>	0.7454	-0.65%	<b>GBP-SGD</b>	1.7946	-0.09%
<b>GBP-USD</b>	1.2942	-0.23%	<b>AUD-SGD</b>	1.0336	-0.53%
<b>USD-MYR</b>	4.2790	-0.33%	<b>NZD-SGD</b>	0.9738	-0.18%
<b>USD-CNY</b>	6.8685	-0.31%	<b>CHF-SGD</b>	1.4252	0.15%
<b>USD-IDR</b>	13282	-0.22%	<b>SGD-MYR</b>	3.0897	-0.03%
<b>USD-VND</b>	22689	0.04%	<b>SGD-CNY</b>	4.9608	0.02%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3730	--	<b>O/N</b>	0.9306	--
<b>2M</b>	-0.3410	--	<b>1M</b>	1.0327	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.1106	--
<b>6M</b>	-0.2500	--	<b>3M</b>	1.1976	--
<b>9M</b>	-0.1790	--	<b>6M</b>	1.4174	--
<b>12M</b>	-0.1290	--	<b>12M</b>	1.7257	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
<b>2Y</b>	1.19 (-0.01)	1.29 (+0.01)	-0.68 (-0.02)	-0.49 (-0.03)	-0.20 (+0.05)
<b>5Y</b>	1.57 (-0.02)	1.79 (+0.01)	-0.38 (-0.04)	-0.14 (-0.03)	0.84 (-0.01)
<b>10Y</b>	2.08 (-0.02)	2.26 (+0.01)	0.36 (-0.04)	0.79 (-0.04)	2.11 (-0.02)
<b>15Y</b>	2.24 (-0.02)	--	0.60 (-0.04)	1.16 (-0.04)	2.61 (-0.03)
<b>20Y</b>	2.34 (-0.02)	--	0.90 (-0.04)	1.48 (-0.04)	2.71 (-0.03)
<b>30Y</b>	2.45 (--)	2.92 (--)	1.19 (-0.04)	1.77 (-0.04)	3.19 (-0.02)

### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	95.3%	0.0%	90.5%	4.8%	0.0%
26/07/2017	96.7%	0.0%	64.8%	30.5%	1.4%
20/09/2017	96.7%	0.0%	63.5%	31.2%	2.0%
13/12/2017	97.6%	0.0%	48.2%	39.1%	9.6%
31/01/2018	98.1%	0.0%	38.1%	41.1%	16.1%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	48.90	-4.79%	Copper (per mt)	5,714.4	0.54%
Brent (per barrel)	51.46	-4.63%	Nickel (per mt)	9,003.5	-0.66%
Heating Oil (per gallon)	1.5509	-3.45%	Aluminium (per mt)	1,954.0	0.77%
Gasoline (per gallon)	1.6093	-2.62%			
Natural Gas (per MMBtu)	3.1840	-0.78%			
			<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,876.0	0.52%
			Rubber (JPY/KG)	290.0	-4.29%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,256.4	0.26%			
Silver (per oz)	17.152	0.44%			

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

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	21,082.95	70.53
<b>S&amp;P</b>	2,415.07	10.68
<b>Nasdaq</b>	6,205.26	42.23
<b>Nikkei 225</b>	19,813.13	70.15
<b>STI</b>	3,234.37	3.13
<b>KLCI</b>	1,773.96	2.95
<b>JCI</b>	5,703.43	--
<b>Baltic Dry</b>	918.00	-16.00
<b>VIX</b>	9.99	--

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	11.39	-0.68
<b>EURIBOR-OIS</b>	3.18	0.03
<b>TED</b>	28.94	--

### Government CDS (USD)

	5Y	% Change
Germany	15.147	4.38%
France	27.151	-2.17%
Italy	159.934	-1.05%

### Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
05/25/2017	02:00	US FOMC Meeting Minutes	May-03	--	--	--	
05/25/2017	07:50	JN Japan Buying Foreign Bonds	May-19	--	¥778.5b	¥1821.2b	¥1758.3b
05/25/2017	07:50	JN Japan Buying Foreign Stocks	May-19	--	-¥26.1b	¥273.4b	¥254.1b
05/25/2017	07:50	JN Foreign Buying Japan Bonds	May-19	--	¥563.1b	¥395.4b	--
05/25/2017	07:50	JN Foreign Buying Japan Stocks	May-19	--	-¥26.4b	¥372.2b	¥371.9b
05/25/2017	08:00	SI GDP YoY	1Q F	2.70%	2.70%	2.50%	--
05/25/2017	08:00	SI GDP SAAR QoQ	1Q F	-0.90%	-1.30%	-1.90%	--
05/25/2017	08:57	SK BoK 7-Day Repo Rate	May-25	1.25%	1.25%	1.25%	--
05/25/2017	16:00	IT Industrial Orders MoM	Mar	--	-4.20%	5.30%	5.20%
05/25/2017	16:00	IT Industrial Orders NSA YoY	Mar	--	9.20%	7.80%	--
05/25/2017	16:00	IT Industrial Sales MoM	Mar	--	0.50%	2.00%	--
05/25/2017	16:00	IT Industrial Sales WDA YoY	Mar	--	7.20%	4.60%	--
05/25/2017	16:30	UK BBA Loans for House Purchase	Apr	40800	40750	41061	40872
05/25/2017	16:30	UK GDP QoQ	1Q P	0.30%	0.20%	0.30%	--
05/25/2017	16:30	HK Exports YoY	Apr	12.50%	7.10%	16.90%	--
05/25/2017	16:30	UK GDP YoY	1Q P	2.10%	2.00%	2.10%	--
05/25/2017	16:30	HK Imports YoY	Apr	13.50%	7.30%	13.00%	--
05/25/2017	16:30	HK Trade Balance HKD	Apr	-39.2b	-34.1b	-42.3b	--
05/25/2017	16:30	UK Private Consumption QoQ	1Q P	0.30%	0.30%	0.70%	--
05/25/2017	16:30	UK Government Spending QoQ	1Q P	0.40%	0.80%	0.00%	--
05/25/2017	16:30	UK Gross Fixed Cap Formation QoQ	1Q P	-0.20%	1.20%	0.10%	--
05/25/2017	16:30	UK Exports QoQ	1Q P	0.50%	-1.60%	4.60%	--
05/25/2017	16:30	UK Imports QoQ	1Q P	0.90%	2.70%	-1.00%	--
05/25/2017	16:30	UK Index of Services 3M/3M	Mar	0.30%	0.20%	0.50%	0.40%
05/25/2017	16:30	UK Total Business Investment QoQ	1Q P	0.30%	0.60%	-0.90%	--
05/25/2017	16:30	UK Total Business Investment YoY	1Q P	--	0.80%	-0.90%	--
05/25/2017	20:30	US Wholesale Inventories MoM	Apr P	0.20%	-0.30%	0.20%	0.10%
05/25/2017	20:30	US Initial Jobless Claims	May-20	238k	234k	232k	233k
05/25/2017	20:30	US Continuing Claims	May-13	1925k	1923k	1898k	1899k
05/25/2017	21:45	US Bloomberg Consumer Comfort	May-21	--	50.9	50.2	--
05/26/2017	05:00	SK Consumer Confidence	May	--	108	101.2	--
05/26/2017	07:30	JN Natl CPI YoY	Apr	0.40%	0.40%	0.20%	--
05/26/2017	07:30	JN Natl CPI Ex Fresh Food YoY	Apr	0.40%	0.30%	0.20%	--
05/26/2017	07:30	JN Tokyo CPI YoY	May	0.00%	0.20%	-0.10%	--
05/26/2017	07:30	JN Tokyo CPI Ex-Fresh Food YoY	May	0.00%	0.10%	-0.10%	--
05/26/2017	07:50	JN PPI Services YoY	Apr	0.90%	--	0.80%	--
05/26/2017	13:00	SI Industrial Production YoY	Apr	6.00%	--	10.20%	--
05/26/2017	13:00	SI Industrial Production SA MoM	Apr	-1.30%	--	5.00%	--
05/26/2017	15:30	TH Foreign Reserves	May-19	--	--	\$183.6b	--
05/26/2017	16:00	TA GDP YoY	1Q F	2.60%	--	2.56%	--
05/26/2017	16:00	IT Economic Sentiment	May	--	--	107.4	--
05/26/2017	16:00	IT Manufacturing Confidence	May	a	--	107.9	--
05/26/2017	16:00	IT Consumer Confidence Index	May	107.3	--	107.5	--
05/26/2017	20:30	US GDP Annualized QoQ	1Q S	0.90%	--	0.70%	--
05/26/2017	20:30	US Personal Consumption	1Q S	0.40%	--	0.30%	--
05/26/2017	20:30	US GDP Price Index	1Q S	2.30%	--	2.30%	--
05/26/2017	20:30	US Core PCE QoQ	1Q S	2.00%	--	2.00%	--
05/26/2017	20:30	US Durable Goods Orders	Apr P	-1.50%	--	0.90%	1.70%
05/26/2017	20:30	US Durables Ex Transportation	Apr P	0.40%	--	0.00%	0.80%
05/26/2017	20:30	US Cap Goods Orders Nondef Ex Air	Apr P	0.50%	--	0.50%	--
05/26/2017	20:30	US Cap Goods Ship Nondef Ex Air	Apr P	0.50%	--	0.50%	0.30%
05/26/2017	22:00	US U. of Mich. Sentiment	May F	97.5	--	97.7	--
05/26/2017		MU Unemployment Rate	Apr	--	--	2.00%	--
05/25/2017	05/31	VN CPI YoY	May	4.08%	--	4.30%	--
05/26/2017	05/31	SK Discount Store Sales YoY	Apr	--	--	2.50%	--
05/26/2017	05/31	SK Department Store Sales YoY	Apr	--	--	2.30%	--
05/25/2017	05/26	PH Budget Balance PHP	Apr	--	--	-61.5b	--
05/25/2017	05/31	VN Exports YTD YoY	May	17.00%	--	15.40%	--
05/25/2017	05/31	VN Imports YTD YoY	May	24.10%	--	24.90%	--
05/25/2017	05/31	VN Retail Sales YTD YoY	May	--	--	9.60%	--

Source: Bloomberg

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