

Highlights

Global	<p>The larger than expected decline in US' durable goods orders saw Wall Street close mixed (with tech stocks again dragged Nasdaq lower), USD softer, and the 10-year US Treasury bond yield at its lowest since November 2016. This contrasted with German IFO business climate which strengthened for a 5th straight month from 114.6 to 115.1 (highest since 1991) in June, which suggested jubilant business sentiments as both current and expectations gauges both improved to 124.1 and 106.8 respectively. With some Asian markets returning from holiday today, the trading tone may remain tentative for this week. For today, there is only a light economic data calendar comprising of US' Conference Board's consumer confidence, Richmond Fed manufacturing index and S&P CoreLogic house prices, so watch speeches from Fed's Williams and Harker, BOE governor Carney on the UK Financial Stability Report, and RBA's Debelle on the Global FX Code.</p>
US	<p>Durable goods fell 1.1% mom in May, following a downwardly revised -0.9% in April, with durable goods excluding transportation expanding by a muted 0.1%. This data suggested that capital spending could weigh down the 2Q17 GDP report. Meanwhile, the Chicago Fed national activity index also fell from +0.57 in April to -0.26 in May, and the Dallas Fed manufacturing activity index also slowed from 17.2 in May to 15.0 in June.</p>
EZ	<p>ECB president Draghi sounded a tad more upbeat that the Eurozone is "facing robust growth across countries" and "the millennials that found a job because of our policy, I'm pretty sure they are okay".</p>
SG	<p>Headline CPI inflation surged from 0.4% yoy (-0.3% mom nsa) in April to 1.4% yoy (+0.3% mom nsa) in May, amid more expensive clothing & footwear, education, transport and healthcare costs. However, core CPI inflation eased marginally from 1.7% yoy to 1.6% yoy. Industrial production decelerated for the second month to 5.0% yoy (-3.5% mom sa) in May, down from +6.7% yoy (+0.1% mom sa) in April and below our forecast of +6.0% yoy (-1.8% mom sa). The main drag was the biomedical cluster (-22.2% yoy), namely pharmaceuticals (-32.6%), whereas electronics outperformed with +35.1% yoy, led by semiconductors (+48.3% yoy), which also benefited the precision engineering cluster (+19.1% yoy). This skewed, two-tiered manufacturing performance looks set to linger as momentum remains uneven. As such, the headline manufacturing growth may remain choppy compared to the heady 1Q17 growth pace, especially once the higher 4Q16 base kicks in.</p>
KR	<p>Consumer confidence rose to its highest since January 2011 to 111.1 in June 2017. Notably, there were strong improvements especially in optimism over Korea's domestic economy, income, spending and job opportunities.</p>
CMD	<p>Crude oil rallied for its third consecutive trading day yesterday, with WTI and Brent closing at \$43.38/bbl (+0.86%) and \$45.83/bbl (+0.64%), respectively. The gains were seen after crude oil's decline over the last three weeks, back when Brent was still trading above \$50/bbl. As such, some short-covering behaviour was the likely reason for the climb, amid market expectations for another session of inventory decline in the US later this week.</p>

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Major Markets

- **US:** Equities ended mixed on Monday, with the S&P 500 and Dow marginally higher, but the Nasdaq Composite retreating 0.29%. Energy stocks were a drag despite crude prices firming. Tech remains in play, with investors resuming the selling. VIX was lower at 9.9, down 1.2%. US Treasury yields softened, with 2y and 10y benchmark yields falling 1 bp to 1.33% and 2.14% respectively. Central bank activity will be heavy this coming week. Yellen, Draghi, Kuroda and Carney all expected to give comments. Treasuries are likely to trade alongside headlines emanating from these comments.
- **Singapore:** STI retraced 0.19% to close at 3209.47 on Friday and may risk a retest of the 3200 support handle as it plays catch up from the long holiday weekend and amid soft overnight cues from Wall Street. With the curve flattening bias in the UST yield curve, SGS bonds may also trade with a more supportive tone today awaiting further market cues.
- **Hong Kong:** Growth in exports and imports decelerated further in May, registering at 4% yoy and 6.6% yoy respectively. Trade deficit expanded slightly from HKD34.1 billion to HKD35.65 billion. With commodity markets turning muted, imports are expected to increase at a slower pace. On the export front, the growth was more broad-based in May as compared to the previous month. Looking ahead, with trade protectionism in the US being downplayed, global trade activities including HK's exports is likely to brace for a brighter outlook due to improving global demand on global recovery.
- **Macau:** Visitor arrivals increased for the third consecutive month by 3.8% yoy in May, due to the effect of the Labor Day Holiday and the Dragon Boat Festival. Though the number of visitors from Mainland China grew at a slower pace by 4.4% yoy and that from Hong Kong dropped by 1.3% yoy, the number of visitors from Taiwan, Japan and South Korea grew rapidly by 9.5% yoy, 20.2% yoy and 50.1% yoy respectively. Due to a slew of new hotel projects opened during the past two years, Macau appears to have successfully diversified its source of tourists from Hong Kong and Mainland China to other Asian countries. This is supportive to the mass-market segment of gaming centers. However, there are barely any public holidays during June to September. Therefore, we would closely monitor whether the growth of tourists from countries other than Mainland China could sustain and help to reinforce the recovery of tourism activities.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards last Friday with rates trading 1-3bps lower across all tenors. Markets were closed yesterday due to public holiday. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, WINGTA 4.08%-PERPs, STHSP 3.95%-PERPs, better selling seen in OUESP 4.25%'19s. In the broader dollar space, the spread on JACI IG corporates changed little last Friday at 195bps while the yield on JACI HY corporates fell 1bps to 6.82%. On Monday, the spread on JACI IG corporates changed little at 195bps while the yield on JACI HY corporates fell another 1bps to 6.81%. 10y UST yields fell by 1bps to 2.14% over Friday and Monday, mainly spurred by soft May durable goods data released on Monday.
- **New Issues:** Melco Resorts Finance Limited will be pricing a USD350mn retap on its existing MPEL 4.875%'25s from 28 Jun. Wal-Mart has hired banks for a potential Yen-denominated bond issuance from 27 Jun. PTT Exploration & Production has scheduled investor meetings for a potential USD bond issuance from 26 Jun.
- **Rating Changes:** S&P revised the rating outlook of Virgin Australia Holdings Ltd. (VAH) to stable from negative. In addition, S&P has affirmed the 'B+' corporate credit rating on the company. The rating action reflects S&P's growing confidence that Virgin has a realistic deleveraging path, growing

confidence that Virgin has a realistic deleveraging path. S&P believes that VAH's repositioning as a full-service airline is substantially complete, and this focus has now turned to cash generation. S&P has assigned fully state-owned Guangdong Hengjian Investment Holding Co. Ltd. (Hengjian) an 'A-' corporate credit rating with a stable outlook. The rating action reflects S&P's view that there is an extremely high likelihood that the company will receive support from the Guangdong provincial government if needed, due to its special status as the platform for the Guangdong provincial government for core asset holdings, asset management, and financing and capital market operations. Moody's also assigned Hengjian a first-time 'A3' issuer rating with a stable outlook. Moody's has assigned a first-time 'B2' corporate family rating to China Logistics Property Holdings Co., Ltd (CNLP) with a stable outlook. The rating action reflects the company's strong market position in Grade-A logistics facilities in China, and its portfolio of reputable tenants. Moody's has affirmed Fenghui Leasing Co., Ltd's (Fenghui) 'B2' corporate family rating (CFR) with stable outlook but downgraded its fully-owned subsidiary's backed senior unsecured debt rating to 'B3' from 'B2'. The rating action reflects Moody's concerns on the company's: 1) faster than system average asset growth, which pressures its risk management and capital adequacy; 2) high reliance on short-term funding, which results in a liquidity mismatch; and 3) increasing secured borrowing, which weakens its financial flexibility. Fitch has revised Indonesia-based homebuilder PT Modernland Realty Tbk's (Modernland) Outlook to stable from negative and affirmed the Foreign-Currency Issuer Default Rating (IDR) at 'B'. The outlook revision reflects the significant improvement in the company's presales, which may result in higher EBITDA recognition, and the subsequent reduction in the risk of the company breaching its local-currency debt covenants in 2017. Fitch has downgraded Indonesian holding company PT Multipolar Tbk's (Multipolar) Long-Term Issuer Default Rating to 'B-' from 'B' with stable outlook. The rating action reflects Fitch's expectation of Multipolar's weaker credit profile on account of persistently weak performance from its majority-owned PT Matahari Putra Prima Tbk (MPPA) for the next two years due to increasing mini-market format competition. Fitch has downgraded Hong Kong-based commodities trader Noble Group Limited's (Noble) Foreign-Currency Issuer Default Rating (IDR) to 'CCC' from 'B-'. In addition, Fitch has removed these rating from Rating Watch Negative. The rating action follows continued uncertainty regarding Noble's funding capacity and how this will affect its operation at its current business scale.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.426	0.17%	USD-SGD	1.3881	0.05%
USD-JPY	111.860	0.52%	EUR-SGD	1.5522	-0.03%
EUR-USD	1.1182	-0.11%	JPY-SGD	1.2408	-0.49%
AUD-USD	0.7585	0.22%	GBP-SGD	1.7662	0.10%
GBP-USD	1.2723	0.04%	AUD-SGD	1.0531	0.30%
USD-MYR	4.2893	--	NZD-SGD	1.0118	0.10%
USD-CNY	6.8411	0.07%	CHF-SGD	1.4273	-0.29%
USD-IDR	13307	--	SGD-MYR	3.0893	-0.11%
USD-VND	22725	0.01%	SGD-CNY	4.9306	-0.06%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	1.1767	--
2M	-0.3420	--	1M	1.2200	--
3M	-0.3310	--	2M	1.2511	--
6M	-0.2730	--	3M	1.2933	--
9M	-0.2020	--	6M	1.4450	--
12M	-0.1630	--	12M	1.7334	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.19 (-)	1.33 (-0.01)	-0.63 (-)	-0.47 (-)	-0.20 (-)
5Y	1.46 (-)	1.76 (-)	-0.39 (-)	-0.21 (-)	0.67 (-0.01)
10Y	1.99 (-)	2.14 (-0.01)	0.24 (-0.01)	0.60 (-0.01)	1.89 (-0.02)
15Y	2.18 (-)	--	0.50 (-0.01)	0.96 (-0.01)	2.44 (-0.03)
20Y	2.26 (-)	--	0.77 (-0.01)	1.27 (-0.01)	2.56 (-0.04)
30Y	2.34 (-)	2.70 (-0.02)	1.04 (-0.02)	1.55 (-0.01)	3.01 (-0.02)

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	16.0%	0.6%	83.4%	16.0%	0.0%
01/11/2017	16.7%	0.6%	82.8%	16.5%	0.1%
13/12/2017	43.1%	0.4%	56.6%	37.7%	5.4%
31/01/2018	43.0%	0.5%	56.5%	37.6%	5.4%
21/03/2017	54.3%	0.4%	45.3%	41.4%	11.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	43.38	0.86%	Copper (per mt)	5,788.2	0.06%
Brent (per barrel)	45.83	0.64%	Nickel (per mt)	8,986.5	-0.64%
Heating Oil (per gallon)	1.3802	0.62%	Aluminium (per mt)	1,853.5	-0.20%
Gasoline (per gallon)	1.4387	0.32%			
Natural Gas (per MMBtu)	3.0270	3.35%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,589.0	--
			Rubber (JPY/KG)	194.6	0.52%
Precious Metals	Futures	% chg			
Gold (per oz)	1,246.3	-0.79%			
Silver (per oz)	16.572	-0.45%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,409.55	14.79
S&P	2,439.07	0.77
Nasdaq	6,247.15	-18.10
Nikkei 225	20,153.35	20.68
STI	3,209.47	--
KLCI	1,779.45	--
JCI	5,829.71	--
Baltic Dry	870.00	--
VIX	9.90	-0.12

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.85	0.62
EURIBOR-OIS	2.93	0.05
TED	34.55	--

Government CDS (USD)

	5Y	% Change
Germany	15.026	-2.61%
France	23.452	-2.30%
Italy	143.830	-1.07%

CFTC Commodities Futures and Options

For the week ended: 20 Jun 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Wheat	-24,385	-74,046	49,661	Gold	151,586	197,121	-45,535
Heating Oil	-732	-695	-37	Corn	-2,006	29,681	-31,687
Palladium	21,040	21,257	-217	Nymex Crude	375,887	403,363	-27,476
Lean Hogs	72,504	73,633	-1,129	Cotton	59,304	84,729	-25,425
Cocoa	-21,496	-20,350	-1,146	Sugar	-31,417	-7,121	-24,296
Platinum	11,702	14,367	-2,665	Silver	45,654	60,262	-14,608
Live Cattle	160,870	164,117	-3,247	Natural Gas	-17,472	-4,305	-13,167
Coffee	-27,183	-22,149	-5,034	Soybean	-82,184	-72,342	-9,842
Copper	12,782	18,809	-6,027	RBOB Gasoline	34,156	41,781	-7,625

Date	Time	Event		Survey	Actual	Prior	Revised
06/23/2017	08:30	JN Nikkei Japan PMI Mfg	Jun P	--	52	53.1	--
06/23/2017	11:03	MU Visitor Arrivals	May	--	2570t	2743t	--
06/23/2017	13:00	SI CPI YoY	May	1.30%	1.40%	0.40%	--
06/23/2017	13:00	SI Industrial Production YoY	May	7.50%	5.00%	6.70%	--
06/23/2017	14:45	FR GDP QoQ	1Q F	0.40%	0.50%	0.40%	--
06/23/2017	14:45	FR GDP YoY	1Q F	1.00%	1.10%	1.00%	--
06/23/2017	15:00	FR Markit France Mfg PMI	Jun P	54	55	53.8	--
06/23/2017	15:00	FR Markit France Services PMI	Jun P	57	55.3	57.2	--
06/23/2017	15:00	FR Markit France Composite PMI	Jun P	56.7	55.3	56.9	--
06/23/2017	15:30	GE Markit/BME Germany Mfg PMI	Jun P	59	59.3	59.5	--
06/23/2017	15:30	GE Markit Germany Services PMI	Jun P	55.4	53.7	55.4	--
06/23/2017	15:30	GE Markit/BME Germany Composite PMI	Jun P	57.2	56.1	57.4	--
06/23/2017	15:30	TH Foreign Reserves	Jun-16	--	\$184.5b	\$184.1b	--
06/23/2017	16:00	EC Markit Eurozone Mfg PMI	Jun P	56.8	57.3	57	--
06/23/2017	16:00	EC Markit Eurozone Services PMI	Jun P	56.1	54.7	56.3	--
06/23/2017	16:00	EC Markit Eurozone Composite PMI	Jun P	56.6	55.7	56.8	--
06/23/2017	16:00	IT Industrial Orders MoM	Apr	--	-0.70%	-4.20%	-4.30%
06/23/2017	20:30	CA CPI NSA MoM	May	0.20%	0.10%	0.40%	--
06/23/2017	20:30	CA CPI YoY	May	1.50%	1.30%	1.60%	--
06/23/2017	21:45	US Markit US Mfg PMI	Jun P	53	52.1	52.7	--
06/23/2017	21:45	US Markit US Services PMI	Jun P	53.5	53	53.6	--
06/23/2017	21:45	US Markit US Composite PMI	Jun P	--	53	53.6	--
06/23/2017	22:00	US New Home Sales	May	590k	610k	569k	593k
06/26/2017	16:00	GE IFO Business Climate	Jun	114.5	115.1	114.6	--
06/26/2017	16:00	GE IFO Expectations	Jun	106.4	106.8	106.5	--
06/26/2017	16:00	GE IFO Current Assessment	Jun	123.2	124.1	123.2	123.3
06/26/2017	16:30	HK Exports YoY	May	7.90%	4.00%	7.10%	--
06/26/2017	16:30	HK Imports YoY	May	8.80%	6.60%	7.30%	--
06/26/2017	20:30	US Durable Goods Orders	May P	-0.60%	-1.10%	-0.80%	-0.90%
06/26/2017	20:30	US Durables Ex Transportation	May P	0.40%	0.10%	-0.50%	--
06/26/2017	20:30	US Cap Goods Orders Nondef Ex Air	May P	0.40%	-0.20%	0.10%	0.20%
06/26/2017	20:30	US Cap Goods Ship Nondef Ex Air	May P	0.40%	-0.20%	0.10%	--
06/26/2017	20:30	US Chicago Fed Nat Activity Index	May	0.2	-0.26	0.49	0.57
06/26/2017	22:30	US Dallas Fed Manf. Activity	Jun	16	15	17.2	--
06/27/2017	06:45	NZ Trade Balance NZD	May	419m	103m	578m	536m
06/27/2017	06:45	NZ Exports NZD	May	4.93b	4.95b	4.75b	4.70b
06/27/2017	06:45	NZ Imports NZD	May	4.48b	4.85b	4.17b	4.16b
06/27/2017	16:00	IT Economic Sentiment	Jun	--	--	106.2	--
06/27/2017	16:00	IT Manufacturing Confidence	Jun	106.7	--	106.9	--
06/27/2017	16:00	IT Consumer Confidence Index	Jun	105.8	--	105.4	--
06/27/2017	22:00	US Conf. Board Consumer Confidence	Jun	116	--	117.9	--
06/27/2017	22:00	US Richmond Fed Manufact. Index	Jun	5	--	1	--
06/27/2017		MU Unemployment Rate	May	--	--	2.00%	--
06/27/2017	06/30	VN CPI YoY	Jun	3.00%	--	3.19%	--
06/27/2017	06/30	VN GDP YTD YoY	2Q	--	--	5.10%	--
06/27/2017	06/30	VN Exports YTD YoY	Jun	--	--	17.40%	--
06/19/2017	06/30	PH Budget Balance PHP	May	--	-33.4b	52.8b	--

Source: Bloomberg

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