

Highlights

Global	<p>Market-players lifted financial and technology stocks overnight, especially seen as several financial institutions reportedly increased dividend and bought back shares. GBP gained sharply after BOE chief Mark Carney's comment that "some removal of monetary stimulus is likely to become necessary". In Asia, note that Hong Kong is currently in lockdown as the country awaits for the arrival of Chinese President Xi Jinping. Note also that recent survey by the China Beige Book International (CBB) suggested that manufacturing activity improved further while retail & services industries recovered after a tepid first quarter. For today, look out for US initial jobless claims and personal consumption prints to direct market-sentiment, on top of Hong Kong' retail sales and EC consumer confidence prints.</p>
US	<p>Pending home sales unexpectedly fell 0.8% m/m in May, clocking its third consecutive decline.</p> <p>Equities largely reversed the previous session's declines as financials and tech stocks led a rally on Wednesday. Financials were given a big boost as Fed did not object to the capital plans for the large banks. Subsequently, financials led by JP Morgan, Citigroup and Bank of America announced significant increases in their share buyback and dividend payouts. Other sectors, with the exception of utilities, also joined in the fun in the broad-based rally. Overall, the Nasdaq Composite led gains with a 1.43% rise, while the S&P 500 and the Dow also rose 0.88% and 0.68% respectively. VIX down 9.3% to 10.03. US Treasuries were mixed, with the long-end underperforming. 2y and 10y benchmark yields diverged, with the 2y softer by 2 bps to 1.35%, while the 10y firmed to 2.23%, up 2 bps. A chorus of central bank comments appear to signal hawkishness across the board, from UK to Canada.</p>
CH	<p>The RMB fixing on Wednesday was set at 6.8053, stronger than market expectation. We suspect the counter cyclical factor was not included in yesterday's fixing, which should slow RMB's appreciation. The asymmetrical use of counter cyclical factor shows China's bias towards stronger Yuan on the back of steady underlying growth.</p>
KR	<p>Manufacturing & non-manufacturing confidence fell in July, with proportion of companies surveyed indicating concerns over weak domestic demand. Statistically, confidence over sales and new orders declined, dragging down profitability confidence levels as well.</p>
Commodities	<p>Crude oil prices continued to gain, with WTI effectively erasing its losses in the past week. WTI and Brent closed at \$44.74/bbl (+1.13%) and \$47.31/bbl (+1.41%), respectively. Note recent US department of energy data indicated further declines in gasoline inventories, although crude oil stocks rose marginally by 118k barrels. Palm oil futures fell further to its MYR2,440/MT handle yesterday, led by sustained oversupply woes into 2H17. Note that the most recent data from MPOB indicated that CPO output rose 6.9% in May, while surveys are pointing at Indonesia's CPO production growth at 16.6% in the same month.</p>

Major Markets

- **Singapore:** The STI index fell by 0.12% to close at 3,215.70. The index was dragged by Jardine Cycle & Carriage (-2.12%), HongKong Land Holdings (-1.61%) and AREIT (-1.5%). However, gains by Hutchinson Port Holdings Trust (+2.38%), UOL Group Ltd (+1.17%) and Wilmar International (+0.57%) cushioned the overall loss.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened sharply yesterday, with the long end of the curve almost 10bps higher, tracking the move seen across global curves post ECB Draghi's perceived hawkish comments. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, WINGTA 4.08%-PERPs and STHSP 3.95%-PERPs, better selling seen in OUESP 4.25%'19s, and mixed interest seen in FCLSP 4.15%'27s, LMRTSP 6.6%-PERPs, OLAMSP 6%'22s. In the broader dollar space, the spread on JACI IG Corporates fell by 1bps to 192bps while the yield on JACI HY Corporates rose by 7bps to 6.87%, largely driven by the move in underlying rates. 10y UST yields continue to drift higher, increasing 2bps to 2.22%, while front-end UST yields dipped a couple of bps.
- **New Issues:** The SGD swap curve bear-steepened sharply yesterday, with the long end of the curve almost 10bps higher, tracking the move seen across global curves post ECB Draghi's perceived hawkish comments. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, WINGTA 4.08%-PERPs and STHSP 3.95%-PERPs, better selling seen in OUESP 4.25%'19s, and mixed interest seen in FCLSP 4.15%'27s, LMRTSP 6.6%-PERPs, OLAMSP 6%'22s. In the broader dollar space, the spread on JACI IG Corporates fell by 1bps to 192bps while the yield on JACI HY Corporates rose by 7bps to 6.87%, largely driven by the move in underlying rates. 10y UST yields continue to drift higher, increasing 2bps to 2.22%, while front-end UST yields dipped a couple of bps.
- **Rating Changes:** The SGD swap curve bear-steepened sharply yesterday, with the long end of the curve almost 10bps higher, tracking the move seen across global curves post ECB Draghi's perceived hawkish comments. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, WINGTA 4.08%-PERPs and STHSP 3.95%-PERPs, better selling seen in OUESP 4.25%'19s, and mixed interest seen in FCLSP 4.15%'27s, LMRTSP 6.6%-PERPs, OLAMSP 6%'22s. In the broader dollar space, the spread on JACI IG Corporates fell by 1bps to 192bps while the yield on JACI HY Corporates rose by 7bps to 6.87%, largely driven by the move in underlying rates. 10y UST yields continue to drift higher, increasing 2bps to 2.22%, while front-end UST yields dipped a couple of bps.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.010	-0.40%	USD-SGD	1.3822	-0.36%
USD-JPY	112.300	-0.04%	EUR-SGD	1.5726	-0.04%
EUR-USD	1.1378	0.34%	JPY-SGD	1.2307	-0.32%
AUD-USD	0.7640	0.75%	GBP-SGD	1.7866	0.51%
GBP-USD	1.2926	0.87%	AUD-SGD	1.0559	0.36%
USD-MYR	4.2975	0.22%	NZD-SGD	1.0096	0.12%
USD-CNY	6.7998	-0.19%	CHF-SGD	1.4403	-0.30%
USD-IDR	13342	0.32%	SGD-MYR	3.1009	0.22%
USD-VND	22738	-0.03%	SGD-CNY	4.9169	0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1761	--
2M	-0.3410	--	1M	1.2238	--
3M	-0.3310	--	2M	1.2522	--
6M	-0.2730	--	3M	1.2951	--
9M	-0.2010	--	6M	1.4468	--
12M	-0.1610	--	12M	1.7329	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.20 (+0.03)	1.35 (-0.02)	-0.59 (-0.02)	-0.43 (-0.03)	-0.18 (-0.04)
5Y	1.48 (+0.04)	1.82 (+0.01)	-0.29 (-0.03)	-0.12 (-0.03)	0.77 (-0.05)
10Y	2.03 (+0.06)	2.23 (+0.02)	0.37 (--)	0.71 (-0.02)	2.02 (-0.03)
15Y	2.22 (+0.05)	--	0.62 (--)	1.06 (-0.02)	2.59 (-0.02)
20Y	2.31 (+0.06)	--	0.88 (--)	1.37 (-0.03)	2.71 (-0.02)
30Y	2.38 (+0.06)	2.78 (+0.03)	1.14 (--)	1.63 (-0.03)	3.16 (-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	23.4%	0.5%	76.1%	23.0%	0.4%
13/12/2017	51.5%	0.3%	48.1%	42.6%	8.8%
31/01/2018	51.9%	0.3%	47.7%	42.7%	9.0%
21/03/2017	64.4%	0.2%	35.5%	44.0%	17.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	44.74	1.13%	Copper (per mt)	5,899.6	0.54%
Brent (per barrel)	47.31	1.41%	Nickel (per mt)	9,235.5	0.11%
Heating Oil (per gallon)	1.4330	1.37%	Aluminium (per mt)	1,888.0	0.69%
Gasoline (per gallon)	1.4833	1.61%			
Natural Gas (per MMBtu)	3.0670	0.99%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,440.0	-0.08%
			Rubber (JPY/KG)	199.2	3.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,249.1	0.18%			
Silver (per oz)	16.791	0.84%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,454.61	143.95
S&P	2,440.69	21.31
Nasdaq	6,234.42	87.79
Nikkei 225	20,130.41	-94.68
STI	3,215.70	-3.83
KLCI	1,771.23	-8.22
JCI	5,829.71	--
Baltic Dry	903.00	--
VIX	10.03	-1.03

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.61	0.12
EURIBOR-OIS	2.90	-0.01
TED	29.36	--

Government CDS (USD)

	5Y	% Change
Germany	14.897	-1.46%
France	21.817	-8.66%
Italy	145.866	-0.67%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
06/28/2017	13:00	JN Small Business Confidence	Jun	49.2	49.2	48.9	--
06/28/2017	14:00	GE Import Price Index MoM	May	-0.60%	-1.00%	-0.10%	--
06/28/2017	14:00	GE Import Price Index YoY	May	4.60%	4.10%	6.10%	--
06/28/2017	14:00	UK Nationwide House PX MoM	Jun	0.10%	1.10%	-0.20%	--
06/28/2017	14:00	UK Nationwide House Px NSA YoY	Jun	1.90%	3.10%	2.10%	--
06/28/2017	14:45	FR Consumer Confidence	Jun	103	108	102	103
06/28/2017	16:00	EC M3 Money Supply YoY	May	5.00%	5.00%	4.90%	--
06/28/2017	17:00	IT CPI NIC incl. tobacco MoM	Jun P	0.10%	-0.10%	-0.20%	--
06/28/2017	17:00	IT CPI NIC incl. tobacco YoY	Jun P	1.40%	1.20%	1.40%	--
06/28/2017	17:00	IT CPI EU Harmonized MoM	Jun P	0.00%	-0.20%	-0.20%	-0.10%
06/28/2017	17:00	IT CPI EU Harmonized YoY	Jun P	1.40%	1.20%	1.60%	--
06/28/2017	18:00	IT PPI MoM	May	--	-0.40%	0.10%	--
06/28/2017	18:00	IT PPI YoY	May	--	3.10%	4.40%	--
06/28/2017	19:00	US MBA Mortgage Applications	Jun-23	--	-6.20%	0.60%	--
06/28/2017	20:30	US Wholesale Inventories MoM	May P	0.20%	0.30%	-0.50%	-0.40%
06/28/2017	22:00	US Pending Home Sales MoM	May	1.00%	-0.80%	-1.30%	-1.70%
06/29/2017	05:00	SK Business Survey Manufacturing	Jul	--	80	84	--
06/29/2017	05:00	SK Business Survey Non-Manufacturing	Jul	--	76	80	--
06/29/2017	07:50	JN Retail Sales MoM	May	-1.00%	--	1.40%	--
06/29/2017	07:50	JN Retail Trade YoY	May	2.60%	--	3.20%	--
06/29/2017	07:50	JN Dept. Store, Supermarket Sales	May	-0.50%	--	1.10%	--
06/29/2017	07:50	JN Japan Buying Foreign Bonds	Jun-23	--	--	¥1090.1b	--
06/29/2017	07:50	JN Japan Buying Foreign Stocks	Jun-23	--	--	¥367.1b	--
06/29/2017	07:50	JN Foreign Buying Japan Bonds	Jun-23	--	--	¥601.8b	--
06/29/2017	07:50	JN Foreign Buying Japan Stocks	Jun-23	--	--	¥331.6b	--
06/29/2017	09:00	NZ ANZ Business Confidence	Jun	--	--	14.9	--
06/29/2017	09:00	AU HIA New Home Sales MoM	May	--	--	0.80%	--
06/29/2017	10:00	SK Discount Store Sales YoY	May	--	--	2.30%	--
06/29/2017	10:00	SK Department Store Sales YoY	May	--	--	0.50%	--
06/29/2017	10:00	VN CPI YoY	Jun	2.75%	--	3.19%	--
06/29/2017	10:00	VN GDP YTD YoY	2Q	5.50%	--	5.10%	--
06/29/2017	10:00	VN Retail Sales YTD YoY	Jun	--	--	10.20%	--
06/29/2017	10:00	VN Exports YTD YoY	Jun	19.60%	--	17.40%	--
06/29/2017	10:00	VN Imports YTD YoY	Jun	23.70%	--	23.90%	--
06/29/2017	14:00	GE GfK Consumer Confidence	Jul	10.4	--	10.4	--
06/29/2017	15:00	GE CPI Saxony MoM	Jun	--	--	-0.10%	--
06/29/2017	15:00	GE CPI Saxony YoY	Jun	--	--	1.60%	--
06/29/2017	16:00	GE CPI Brandenburg MoM	Jun	--	--	-0.10%	--
06/29/2017	16:00	GE CPI Hesse MoM	Jun	--	--	0.00%	--
06/29/2017	16:00	GE CPI Hesse YoY	Jun	--	--	1.70%	--
06/29/2017	16:00	GE CPI Bavaria MoM	Jun	--	--	-0.10%	--
06/29/2017	16:00	GE CPI Bavaria YoY	Jun	--	--	1.40%	--
06/29/2017	16:30	UK Net Lending Sec. on Dwellings	May	2.6b	--	2.7b	--
06/29/2017	16:30	UK Mortgage Approvals	May	64.0k	--	64.6k	--
06/29/2017	16:30	UK Money Supply M4 MoM	May	--	--	1.20%	--
06/29/2017	16:30	UK M4 Money Supply YoY	May	--	--	8.20%	--
06/29/2017	16:30	GE CPI North Rhine Westphalia MoM	Jun	--	--	-0.20%	--
06/29/2017	16:30	GE CPI North Rhine Westphalia YoY	Jun	--	--	1.60%	--
06/29/2017	16:30	HK Retail Sales Value YoY	May	1.50%	--	0.10%	--
06/29/2017	16:30	HK Retail Sales Volume YoY	May	1.30%	--	-0.10%	--
06/29/2017	17:00	EC Economic Confidence	Jun	109.5	--	109.2	--
06/29/2017	17:00	EC Business Climate Indicator	Jun	0.94	--	0.9	--
06/29/2017	17:00	EC Industrial Confidence	Jun	2.8	--	2.8	--
06/29/2017	17:00	EC Consumer Confidence	Jun F	-1.3	--	-1.3	--
06/29/2017	20:00	GE CPI MoM	Jun P	0.00%	--	-0.20%	--
06/29/2017	20:00	GE CPI YoY	Jun P	1.40%	--	1.50%	--
06/29/2017	20:00	GE CPI EU Harmonized MoM	Jun P	0.00%	--	-0.20%	--
06/29/2017	20:00	GE CPI EU Harmonized YoY	Jun P	1.30%	--	1.40%	--
06/29/2017	20:30	US GDP Annualized QoQ	1Q T	1.20%	--	1.20%	--
06/29/2017	20:30	US Personal Consumption	1Q T	0.60%	--	0.60%	--
06/29/2017	20:30	US GDP Price Index	1Q T	2.20%	--	2.20%	--
06/29/2017	20:30	US Core PCE QoQ	1Q T	2.10%	--	2.10%	--
06/29/2017	20:30	US Initial Jobless Claims	Jun-24	240k	--	241k	--
06/29/2017	20:30	US Continuing Claims	Jun-17	1935k	--	1944k	--
06/29/2017	21:45	US Bloomberg Consumer Comfort	Jun-25	--	--	49.4	--
06/29/2017		MU Hotel Occupancy Rate	May	--	--	86.1	--
06/29/2017		MU Trade Balance	May	--	--	-4583m	--

Source: Bloomberg

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