

Highlights

Global	<p>Wall Street was mostly up, while US bond yields were slightly lower and the greenback softer, which led dollar-denominated commodities such as crude oil and gold higher. We note that risk appetite has remain supported despite the uncertainties over US trade sanctions against its Canada, Mexico and EU, as market-players were generally focused on other positive-led events such as the recent stronger-than-expected US economic prints, ebbing concerns over the Italian political arena as well as the US-Pyongyang summit which is to be held on 12th June. Moreover, market-players also zoomed in on Italian PM's comment that "leaving the euro has never been considered", thus potentially driving the EUR strength last night.</p> <p>For today, look out for the RBI MPC meeting, where policy-makers are expected to keep its monetary policy parameters unchanged. Elsewhere, watch out for Australia's 1Q GDP, US trade balance, MBA mortgage application and Singapore COE premiums slated to be out by 4pm later.</p>
US	<p>The Institute for Supply Management said its nonmanufacturing index rose to 58.6 in May, vs market call of 57.6. Moreover, the US labour department reported monthly job openings to have increased by 65,000 to a seasonally adjusted 6.7 million in April. A word of caution however, that the risk appetite observed to-date is deemed to be relatively fragile, given the inconclusive US-Sino trade talks and tensions that can potentially escalate quickly.</p>
AU	<p>RBA kept rates unchanged at 1.50% as widely expected for the 20th consecutive meeting. The language in the statement is somewhat similar to the previous one, citing that low levels of interest rates were continuing to support the economy, and further progress in reducing unemployment and having inflation return to target was expected.</p>
CN	<p>Market will closely monitor how PBoC will roll over its CNY259.5 billion maturing medium term lending facility (MLF). The recent expansion of collateral for MLF may have led to divergent view about the reserve requirement ratio cut in the market.</p>
MA	<p>According to Bloomberg, BNM Governor Muhammad Ibrahim has offered to resign. Meanwhile, Finance Minister Lim Guan Eng has claimed that 88% of the total project value of the Multi-Product Pipeline (MPP) and the Trans-Sabah Gas Pipeline (TSGP) has been paid to China Petroleum Pipeline Bureau despite the projects only at 13% completion. He also mentioned that the payment schedule for the contracts were to be based almost entirely on timeline milestones and not on progressive work completion milestones. MoF has filed a report to the Malaysian Anti-Corruption Commission regarding this matter. In other areas, Malaysia trade data came out strongly for April with exports growing at 14.0%, yoy and imports expanding at 9.1%, yoy.</p>
CMD	<p>Short-covering and better risk-taking appetite are potential drivers leading to oil's climb overnight. Generally, risk appetite does seem to be supported despite the uncertainties over US trade sanctions against its Canada, Mexico and EU, as market-players were generally focused on other positive-led events such as the recent stronger-than-expected US economic prints, ebbing concerns over the Italian political arena as well as the US-Pyongyang summit which is to be held on 12th June. Copper also surged over 2.0% to its highest in 3 months on supply concerns in Chile where negotiation with BHP and its workers at the Escondida mine appear to be in deadlock.</p>

Major Market

- **US:** Equities ended mixed as the Dow fell 0.06% lower to close at 24,799.98, extending declines for a second session running. On the other hand, the S&P 500 as well as the Nasdaq composite advanced 0.07% and 0.41%, respectively. The mounting concerns over trade tensions likely resulted in a mixed close as Mexico slapped tariffs on the US in retaliation against the metal duties that were imposed by President Trump. Mexico made an announcement last week about planned trade retaliation but did not publish any details about it until Tuesday. The tariffs were imposed on sensitive agricultural products such as pork, bourbon as well as certain types of cheeses, ranging between 15 to 25%. Meanwhile, the VIX index declined for a third consecutive session, settling lower at 12.40 vs Monday's 12.74. For US Treasuries, the 2y yield fell 2bps to close down at 2.492%. Similarly, the 10y declined 1bp to end lower at 2.928%.
- **Singapore:** The Straits Times Index rose 0.45% to close up at 3,483.16 on Tuesday. Overnight mixed cues from Wall Street and morning gains from Nikkei may provide some positive leads for the STI today. Main movers include Hutchison Port Holdings Trust (+1.79%) and ComfortDelGro Corp Ltd (+1.62%).
- **Australia:** In all, the central bank views Australia's GDP to pick up and average "a bit above 3.0% in 2018 and 2019". RBA governor Lowe in his statement, also gave more color in that both domestic and global economies were gaining strength while "business conditions are positive and non-mining business investment is increasing". On the downside, he pointed out that "household income has been growing slowly and debt levels are high". There are also some dovish tweaks, including removing the line that stronger growth should see some reduction in spare capacity, and dropping the view that labour market conditions were improving. In a nutshell, we view that the statement does reinforce the outlook that RBA is likely to keep its policy parameters unchanged into the year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading around 1bp lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 138bps and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 470bps. 10Y UST yields fell 1bp to 2.93% as traders piled back into lower-risk government debt after Italy's new prime minister vowed to enact economic policies that could balloon the nation's already-heavy debt load.
- **New issues:** Industrial and Commercial Bank of China Ltd (London Branch) has priced a USD1bn and a EUR500mn deal across three-tranches with the USD500mn 3-year FRN priced at 3mL+73bps, tightening from its initial price guidance of 3mL+100bps area; the USD500mn 5-year FRN priced at 3mL+83bps, tightening from its initial price guidance of 3mL+110bps area and EUR500mn 3-year FRN priced at 3mE+50bps, tightening from its initial price guidance of 3mE+70bps area. Easy Tactic Ltd has priced a USD200mn re-tap of its GZRFPR 7%'21s (guaranteed by R&F Properties (HK) Co Ltd and certain Non-PRC subsidiaries of Guangzhou R&F Properties Co Ltd, Keepwell Provider: Guangzhou R&F Properties Co Ltd) at 7.00%, tightening from its initial price guidance of 8.08% area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.876	-0.17%	USD-SGD	1.3347	-0.14%
USD-JPY	109.790	-0.03%	EUR-SGD	1.5640	0.02%
EUR-USD	1.1718	0.16%	JPY-SGD	1.2156	-0.13%
AUD-USD	0.7616	-0.42%	GBP-SGD	1.7874	0.44%
GBP-USD	1.3393	0.60%	AUD-SGD	1.0165	-0.57%
USD-MYR	3.9730	0.03%	NZD-SGD	0.9374	-0.22%
USD-CNY	6.4061	-0.03%	CHF-SGD	1.3564	0.22%
USD-IDR	13880	0.01%	SGD-MYR	2.9773	0.20%
USD-VND	22821	0.10%	SGD-CNY	4.7949	0.01%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.7120	--
2M	-0.3390	--	1M	2.0130	--
3M	-0.3210	--	2M	2.1184	--
6M	-0.2690	--	3M	2.3138	--
9M	-0.2130	--	6M	2.4840	--
12M	-0.1840	--	12M	2.7401	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
06/13/2018	100.0%	82.0%	18.0%	0.0%	0.0%
08/01/2018	100.0%	80.3%	19.3%	0.4%	0.0%
09/26/2018	100.0%	25.8%	60.8%	13.2%	0.3%
11/08/2018	100.0%	24.3%	58.8%	15.8%	1.0%
12/19/2018	100.0%	12.5%	42.1%	36.7%	8.2%
01/30/2019	100.0%	11.8%	40.3%	37.0%	9.9%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.52	1.19%	Copper (per mt)	7,051.5	2.04%
Brent (per barrel)	75.38	0.12%	Nickel (per mt)	15,692.0	1.71%
Heating Oil (per gallon)	2.1416	-0.51%	Aluminium (per mt)	2,316.8	-0.44%
Gasoline (per gallon)	2.1062	-0.76%			
Natural Gas (per MMBtu)	2.8900	-1.37%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,402.0	-0.29%
			Rubber (JPY/KG)	187.2	-1.68%
Precious Metals	Futures	% chg			
Gold (per oz)	1,302.2	0.38%			
Silver (per oz)	16.543	0.68%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,799.98	-13.71
S&P	2,748.80	1.93
Nasdaq	7,637.86	31.40
Nikkei 225	22,539.54	63.60
STI	3,483.16	15.68
KLCI	1,755.14	--
JCI	6,088.79	73.97
Baltic Dry	1,193.00	--
VIX	12.40	-0.34

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.97 (+0.02)	2.49 (-0.02)
5Y	2.29 (-0.01)	2.77 (-0.03)
10Y	2.57 (-)	2.93 (-0.01)
15Y	2.85 (+0.01)	--
20Y	2.88 (+0.01)	--
30Y	2.95 (-)	3.08 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	40.73	-1.30
EURIBOR-OIS	3.45	-0.38
TED	39.84	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
06/05/2018 05:00	SK Foreign Reserves	May	--	\$398.98b	\$398.42b	--
06/05/2018 07:00	SK BoP Current Account Balance	Apr	--	\$1768.2m	\$5180.4m	--
06/05/2018 07:30	JN Household Spending YoY	Apr	0.80%	-1.30%	-0.70%	--
06/05/2018 08:30	JN Nikkei Japan PMI Services	May	--	51	52.5	--
06/05/2018 08:30	JN Nikkei Japan PMI Composite	May	--	51.7	53.1	--
06/05/2018 08:30	HK Nikkei Hong Kong PMI	May	--	47.8	49.1	--
06/05/2018 09:00	PH Unemployment Rate	Apr	--	5.50%	5.30%	--
06/05/2018 09:00	PH CPI YoY 2012=100	May	4.90%	4.60%	4.50%	--
06/05/2018 09:30	AU BoP Current Account Balance	1Q	-\$9.9b	-\$10.5b	-\$14.0b	-\$14.7b
06/05/2018 09:45	CH Caixin China PMI Composite	May	--	52.3	52.3	--
06/05/2018 09:45	CH Caixin China PMI Services	May	52.9	52.9	52.9	--
06/05/2018 11:30	TH Consumer Confidence Economic	May	--	66.9	67.8	--
06/05/2018 12:00	MA Trade Balance MYR	Apr	12.70b	13.07b	14.69b	--
06/05/2018 12:00	MA Imports YoY	Apr	3.80%	9.10%	-9.60%	--
06/05/2018 12:00	MA Exports YoY	Apr	6.30%	14.00%	2.20%	--
06/05/2018 12:30	AU RBA Cash Rate Target	Jun-05	1.50%	1.50%	1.50%	--
06/05/2018 13:00	IN Nikkei India PMI Services	May	--	49.6	51.4	--
06/05/2018 13:00	IN Nikkei India PMI Composite	May	--	50.4	51.9	--
06/05/2018 14:45	FR Budget Balance YTD	Apr	--	-54.3b	-33.1b	--
06/05/2018 15:45	IT Markit/ADACI Italy Services PMI	May	53	53.1	52.6	--
06/05/2018 15:45	IT Markit/ADACI Italy Composite PMI	May	52.8	52.9	52.9	--
06/05/2018 15:50	FR Markit France Services PMI	May F	54.3	54.3	54.3	--
06/05/2018 15:50	FR Markit France Composite PMI	May F	54.5	54.2	54.5	--
06/05/2018 15:55	GE Markit Germany Services PMI	May F	52.1	52.1	52.1	--
06/05/2018 15:55	GE Markit/BME Germany Composite PMI	May F	53.1	53.4	53.1	--
06/05/2018 16:00	TA CPI YoY	May	2.00%	1.64%	1.98%	2.00%
06/05/2018 16:00	EC Markit Eurozone Services PMI	May F	53.9	53.8	53.9	--
06/05/2018 16:00	EC Markit Eurozone Composite PMI	May F	54.1	54.1	54.1	--
06/05/2018 16:20	TA Foreign Reserves	May	--	\$457.28b	\$457.13b	--
06/05/2018 16:30	UK Markit/CIPS UK Services PMI	May	53	54	52.8	--
06/05/2018 16:30	UK Markit/CIPS UK Composite PMI	May	53.4	54.5	53.2	--
06/05/2018 17:00	EC Retail Sales MoM	Apr	0.50%	0.10%	0.10%	0.40%
06/05/2018 20:30	CA Labor Productivity QoQ	1Q	--	-0.30%	0.20%	--
06/05/2018 21:45	US Markit US Services PMI	May F	55.7	56.8	55.7	--
06/05/2018 21:45	US Markit US Composite PMI	May F	--	56.6	55.7	--
06/05/2018 22:00	US ISM Non-Manf. Composite	May	57.7	58.6	56.8	--
06/06/2018 08:00	JN Labor Cash Earnings YoY	Apr	1.30%	--	2.10%	2.00%
06/06/2018 09:00	NZ ANZ Commodity Price	May	--	--	1.00%	--
06/06/2018 09:30	AU GDP SA QoQ	1Q	0.90%	--	0.40%	--
06/06/2018 15:30	GE Markit Germany Construction PMI	May	--	--	50.9	--
06/06/2018 16:00	SI Automobile COE Open Bid Cat A	Jun-06	--	--	38001	--
06/06/2018 16:00	SI Automobile COE Open Bid Cat B	Jun-06	--	--	37989	--
06/06/2018 16:00	SI Automobile COE Open Bid Cat E	Jun-06	--	--	38700	--
06/06/2018 16:10	IT Markit Italy Retail PMI	May	--	--	42.7	--
06/06/2018 16:10	FR Markit France Retail PMI	May	--	--	50.1	--
06/06/2018 16:10	GE Markit Germany Retail PMI	May	--	--	51	--
06/06/2018 16:10	EC Markit Eurozone Retail PMI	May	--	--	48.6	--
06/06/2018 17:00	IN RBI Repurchase Rate	Jun-06	6.00%	--	6.00%	--
06/06/2018 17:00	IN RBI Reverse Repo Rate	Jun-06	5.75%	--	5.75%	--
06/06/2018 17:00	IN RBI Cash Reserve Ratio	Jun-06	4.00%	--	4.00%	--
06/06/2018 19:00	US MBA Mortgage Applications	Jun-01	--	--	-2.90%	--
06/06/2018 20:30	CA Int'l Merchandise Trade	Apr	-3.40b	--	-4.14b	--
06/06/2018 20:30	US Nonfarm Productivity	1Q F	0.60%	--	0.70%	--
06/06/2018 20:30	CA Building Permits MoM	Apr	-1.00%	--	3.10%	--
06/06/2018 20:30	US Trade Balance	Apr	-\$49.0b	--	-\$49.0b	--
06/06/2018 06/13	VN Domestic Vehicle Sales YoY	May	--	--	-3.70%	--

Source: Bloomberg

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