

### Highlights

<b>Global</b>	<p>Risk sentiment consolidated ahead of G7 meeting this weekend as well as major central bank meetings including ECB and FOMC next week. President Trump's tweet accusing France and Canada's massive trade surplus with the US as well as their non-monetary barriers to trade ahead of planned bilateral meeting in G7 meeting did not bode well for risk sentiment. In a volatile session, 10-year US Treasury yield ended down at 2.93% after hitting a high of 2.994% earlier on Thursday. The focus of trade tension is expected to shift from US-China to US-G6 in the near term after the US Commerce Department reached a deal to lift the ban for ZTE. ZTE will receive the most severe penalty imposed by US Commerce Department according to the statements from the department. Other than the US\$1.4 billion fine, management and board will be changed and US will install its "own compliance people" to monitor the company.</p> <p>Elsewhere, both Brazil and Turkey have stepped up their efforts via foreign exchange swaps or interest rate hike to defend their currency stability. Market will monitor whether there will be any contagion risk from those two countries to other EM countries.</p>
<b>JP</b>	<p>Risk of a technical recession heightened again after the revised 1Q GDP contracted at an annualized 0.6% from previous quarter, unchanged from the preliminary estimate. Private consumption was revised down to show a slight decline of 0.1%. The weaker than expected domestic demand may weigh down the growth outlook in the coming quarters.</p>
<b>CN</b>	<p>The country's FX reserve fell slightly to US\$3.11 trillion in May from US\$3.124 trillion in April. The decline was lower than expected despite negative valuation effect as a result of strong dollar and volatile asset prices in May. This suggests that China's capital flow remains relatively balanced.</p>
<b>MA</b>	<p>Foreign reserves fell to \$108.5bn as of 31st May 2018 (15th May 2018: \$109.4bn) whilst the MYR still remained below 4.00 against the USD yesterday.</p>
<b>ID</b>	<p>According to Bloomberg, central bank governor Perry Warjiyo has made clear his intentions to "pre-empt uncertainty" by using interest rates in a measured way to restore confidence and support the nation's currency. The IDR though weakened yesterday as the value of the USD – IDR increased by 0.12%.</p>
<b>CMD</b>	<p>Sanctions fear dominate market sentiments, with market-watchers digesting news over Iran and Venezuela's efforts to rally support from their OPEC peers against US-led sanctions. With the OPEC meeting towards the third week of June, investors will likely glean closely on three key issues (1) OPEC's response to US-led sanctions against some of its members, (2) Saudi Arabia's official call to raise 2H18 supplies and (3) potentially hints over when and how the current production curb may end. As mentioned in our past reports, we continue to stay cautious over oil's rally given the heightened possibility for Saudi Arabia to raise production, amid US' unrelentless rise in supplies since 2017.</p>

## Major Market

- **US:** Wall Street ended mixed as the Dow added 0.38% while the S&P 500 and Nasdaq composite fell 0.07% and 0.7%, respectively as investors continued to weigh the impact of the ongoing trade tensions as well as anticipate the G7 summit between leaders. Additionally, the following week sees several major geopolitical and economic events taking place – the ECB meeting, the June FOMC as well as the highly anticipated Trump-Kim summit in Singapore. However, news that the US and China have reached a deal that would see ZTE back in business for now should bode well for investors today. VIX edged slightly up to 12.13 on Thursday, compared to 11.64 on Wednesday. Over at the treasuries front, the 2y benchmark yield fell 2bps to 2.488%. Similarly, the 10y yield lost 5bps to close down at 2.920%.
- **Singapore:** The STI added 0.15% on Thursday, closing up at 3,473.08. Gains registered by City Developments Ltd (+2.41%) and Hongkong Land Holdings Ltd (+1.80%) supported the index while Golden Agri-Resources Ltd (-3.12%) and Venture Corp Ltd (-2.06%) declined. The index may trade cautiously today ahead of the mixed cues from Wall Street and morning losses seen from Nikkei and Kospi.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading around 1bps higher while swap rates along the belly as well as the longer end of the curve traded 2-3bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened by 1bps to 137bps and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened by 8bps to 455bps. 10Y UST yields fell 5bps to 2.92% as safe-haven demand rose on tension between the United States and its major trade partners ahead of the G7 summit, reversing the prior day's sell-off.
- **New issues:** ASB Bank Ltd has priced a USD1bn deal across two tranches with the USD500mn 5-year fixed rate bond priced at CT5+110bps, tightening from the initial price guidance of CT5+125bps area and the USD500mn 5-year FRN priced at 3mL+97bps, in line with its initial price guidance. Export-Import Bank of Korea has priced a CNH1.5bn 3-year bond at 4.65%, in line with its initial price guidance. Asian Development Bank has priced a GBP100mn re-tap of its ASIA 1.375%'23 at UKT+30, in line with its initial price guidance. Heungkuk Fire & Marine Insurance Co Ltd has scheduled for investor meetings on 12 Jun for its potential USD bond issuance. GS Caltex Corp has scheduled for investor meetings from 14 Jun for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	93.435	-0.19%	<b>USD-SGD</b>	1.3338	0.10%
<b>USD-JPY</b>	109.700	-0.44%	<b>EUR-SGD</b>	1.5739	0.32%
<b>EUR-USD</b>	1.1800	0.22%	<b>JPY-SGD</b>	1.2159	0.54%
<b>AUD-USD</b>	0.7624	-0.56%	<b>GBP-SGD</b>	1.7904	0.18%
<b>GBP-USD</b>	1.3423	0.07%	<b>AUD-SGD</b>	1.0167	-0.49%
<b>USD-MYR</b>	3.9770	0.07%	<b>NZD-SGD</b>	0.9376	0.04%
<b>USD-CNY</b>	6.3921	0.06%	<b>CHF-SGD</b>	1.3604	0.70%
<b>USD-IDR</b>	13875	0.16%	<b>SGD-MYR</b>	2.9857	0.19%
<b>USD-VND</b>	22800	-0.04%	<b>SGD-CNY</b>	4.7970	0.05%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	1.7135	--
<b>2M</b>	-0.3390	--	<b>1M</b>	2.0296	--
<b>3M</b>	-0.3210	--	<b>2M</b>	2.1237	--
<b>6M</b>	-0.2690	--	<b>3M</b>	2.3209	--
<b>9M</b>	-0.2100	--	<b>6M</b>	2.4838	--
<b>12M</b>	-0.1800	--	<b>12M</b>	2.7409	--

#### 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%	84.0%	16.0%	0.0%	0.0%
08/01/2018	100.0%	84.0%	16.0%	0.0%	0.0%
09/26/2018	100.0%	21.8%	66.3%	11.8%	0.0%
11/08/2018	100.0%	20.1%	62.7%	16.3%	1.0%
12/19/2018	100.0%	10.5%	42.3%	38.5%	8.3%
01/30/2019	100.0%	9.6%	39.8%	38.8%	10.7%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.95	1.88%	Copper (per mt)	7,220.1	0.40%
Brent (per barrel)	77.32	2.60%	Nickel (per mt)	15,458.0	-0.74%
Heating Oil (per gallon)	2.1799	2.51%	Aluminium (per mt)	2,309.3	-1.78%
Gasoline (per gallon)	2.1148	2.16%			
Natural Gas (per MMBtu)	2.9300	1.17%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,387.0	-0.29%
			Rubber (JPY/KG)	189.7	0.85%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,303.0	0.12%			
Silver (per oz)	16.815	0.72%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,241.41	95.02
<b>S&amp;P</b>	2,770.37	-1.98
<b>Nasdaq</b>	7,635.07	-54.17
<b>Nikkei 225</b>	22,823.26	197.53
<b>STI</b>	3,473.08	5.27
<b>KLCI</b>	1,785.81	8.68
<b>JCI</b>	6,106.70	36.99
<b>Baltic Dry</b>	1,340.00	--
<b>VIX</b>	12.13	0.49

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.98 (-)	2.49 (-0.03)
<b>5Y</b>	2.32 (+0.01)	2.76 (-0.05)
<b>10Y</b>	2.60 (+0.01)	2.92 (-0.05)
<b>15Y</b>	2.87 (+0.01)	--
<b>20Y</b>	2.90 (+0.01)	--
<b>30Y</b>	2.97 (+0.01)	3.07 (-0.05)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	40.40	-0.53
<b>EURIBOR-OIS</b>	3.28	-0.57
<b>TED</b>	38.78	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
06/07/2018 01:00	NZ QV House Prices YoY	May	--	6.90%	7.60%	--
06/07/2018 07:50	JN Japan Buying Foreign Bonds	Jun-01	--	¥1665.8b	¥717.0b	¥700.2b
06/07/2018 07:50	JN Foreign Buying Japan Bonds	Jun-01	--	¥431.2b	¥216.7b	--
06/07/2018 07:50	JN Foreign Buying Japan Stocks	Jun-01	--	¥527.6b	¥380.0b	--
<b>06/07/2018 09:30</b>	<b>AU Trade Balance</b>	<b>Apr</b>	<b>A\$1000m</b>	<b>A\$977m</b>	<b>A\$1527m</b>	<b>A\$1731m</b>
06/07/2018 13:00	JN Leading Index CI	Apr P	105.6	105.6	104.4	104.5
<b>06/07/2018 14:00</b>	<b>GE Factory Orders MoM</b>	<b>Apr</b>	<b>0.80%</b>	<b>-2.50%</b>	<b>-0.90%</b>	<b>-1.10%</b>
06/07/2018 14:30	AU Foreign Reserves	May	--	A\$82.5b	A\$72.8b	--
06/07/2018 14:45	FR Trade Balance	Apr	-5100m	-4954m	-5258m	-5014m
06/07/2018 15:00	MA Foreign Reserves	May-31	--	\$108.5b	\$109.4b	--
<b>06/07/2018 15:30</b>	<b>UK Halifax House Prices MoM</b>	<b>May</b>	<b>1.00%</b>	<b>1.50%</b>	<b>-3.10%</b>	--
06/07/2018 15:59	CH Foreign Reserves	May	\$3106.5b	\$3110.62b	\$3124.85b	--
<b>06/07/2018 16:00</b>	<b>IT Retail Sales MoM</b>	<b>Apr</b>	<b>0.10%</b>	<b>-0.70%</b>	<b>-0.20%</b>	--
06/07/2018 16:03	PH Foreign Reserves	May	--	\$79.0b	\$80.1b	\$79.6b
06/07/2018 16:30	HK Foreign Reserves	May	--	\$432.1b	\$434.4b	\$434.5b
06/07/2018 17:00	EC Household Cons QoQ	1Q	0.20%	0.50%	0.20%	--
<b>06/07/2018 17:00</b>	<b>EC GDP SA QoQ</b>	<b>1Q F</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.40%</b>	--
06/07/2018 17:00	SI Foreign Reserves	May	--	\$287.92b	\$287.73b	\$287.73b
<b>06/07/2018 20:30</b>	<b>US Initial Jobless Claims</b>	<b>Jun-02</b>	<b>220k</b>	<b>222k</b>	<b>221k</b>	<b>223k</b>
06/07/2018 20:30	US Continuing Claims	May-26	1735k	1741k	1726k	1720k
06/07/2018 21:45	US Bloomberg Consumer Comfort	Jun-03	--	54.8	55.2	--
<b>06/08/2018 07:50</b>	<b>JN BoP Current Account Balance</b>	<b>Apr</b>	<b>¥2076.5b</b>	--	<b>¥3122.3b</b>	--
06/08/2018 07:50	JN Trade Balance BoP Basis	Apr	¥742.3b	--	¥1190.7b	--
<b>06/08/2018 07:50</b>	<b>JN GDP SA QoQ</b>	<b>1Q F</b>	<b>-0.10%</b>	--	<b>-0.20%</b>	--
<b>06/08/2018 07:50</b>	<b>JN GDP Annualized SA QoQ</b>	<b>1Q F</b>	<b>-0.40%</b>	--	<b>-0.60%</b>	--
06/08/2018 07:50	JN GDP Nominal SA QoQ	1Q F	-0.30%	--	-0.40%	--
<b>06/08/2018 07:50</b>	<b>JN GDP Deflator YoY</b>	<b>1Q F</b>	<b>0.50%</b>	--	<b>0.50%</b>	--
<b>06/08/2018 09:00</b>	<b>PH Exports YoY</b>	<b>Apr</b>	<b>-3.20%</b>	--	<b>-8.20%</b>	--
06/08/2018 09:00	PH Imports YoY	Apr	13.70%	--	0.10%	--
06/08/2018 09:00	PH Trade Balance	Apr	-\$2800m	--	-\$2608m	--
06/08/2018 14:00	GE Trade Balance	Apr	20.2b	--	25.2b	24.7b
06/08/2018 14:00	GE Current Account Balance	Apr	20.0b	--	29.1b	--
06/08/2018 14:00	GE Exports SA MoM	Apr	-0.30%	--	1.70%	1.80%
06/08/2018 14:00	GE Imports SA MoM	Apr	0.60%	--	-0.90%	-0.20%
<b>06/08/2018 14:00</b>	<b>GE Industrial Production SA MoM</b>	<b>Apr</b>	<b>0.30%</b>	--	<b>1.00%</b>	--
<b>06/08/2018 14:45</b>	<b>FR Industrial Production MoM</b>	<b>Apr</b>	<b>0.30%</b>	--	<b>-0.40%</b>	--
06/08/2018 14:45	FR Manufacturing Production MoM	Apr	1.30%	--	0.10%	--
<b>06/08/2018 15:30</b>	<b>TH Foreign Reserves</b>	<b>Jun-01</b>	--	--	<b>\$212.5b</b>	--
06/08/2018 16:00	TA Trade Balance	May	\$4.32b	--	\$4.15b	--
06/08/2018 16:00	TA Exports YoY	May	12.00%	--	10.00%	--
06/08/2018 16:00	TA Imports YoY	May	9.00%	--	4.90%	--
<b>06/08/2018 20:15</b>	<b>CA Housing Starts</b>	<b>May</b>	<b>220.0k</b>	--	<b>214.4k</b>	<b>215.3k</b>
06/08/2018 20:30	CA Capacity Utilization Rate	1Q	86.40%	--	86.00%	--
<b>06/08/2018 20:30</b>	<b>CA Net Change in Employment</b>	<b>May</b>	<b>23.5k</b>	--	<b>-1.1k</b>	--
<b>06/08/2018 20:30</b>	<b>CA Unemployment Rate</b>	<b>May</b>	<b>5.80%</b>	--	<b>5.80%</b>	--
<b>06/08/2018 22:00</b>	<b>US Wholesale Inventories MoM</b>	<b>Apr F</b>	<b>0.00%</b>	--	<b>0.00%</b>	--
<b>06/08/2018</b>	<b>CH Trade Balance</b>	<b>May</b>	<b>\$33.25b</b>	--	<b>\$28.78b</b>	<b>\$28.38b</b>
<b>06/08/2018</b>	<b>CH Exports YoY</b>	<b>May</b>	<b>11.10%</b>	--	<b>12.90%</b>	<b>12.70%</b>
<b>06/08/2018</b>	<b>ID Foreign Reserves</b>	<b>May</b>	--	--	<b>\$124.90b</b>	--
06/08/2018	CH Imports YoY	May	18.00%	--	21.50%	--
<b>06/07/2018 06/13</b>	<b>VN Domestic Vehicle Sales YoY</b>	<b>May</b>	--	--	<b>-3.70%</b>	--

Source: Bloomberg

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