

### Highlights

<b>Global</b>	<p>Wall Street edged higher once again yesterday as investors took confidence from Fed Chairman Powell's comment that the US is on track for years of steady growth, strong jobs and low inflation, while the latest US manufacturing and industrial production numbers surprised higher into June. On interest rates, Powell also commented that the strong growth and stable inflation are drivers that should keep the FOMC on track to gradually raise interest rates. Note that the DXY gained and crossed its 95.0 handle momentarily yesterday before settling slightly lower while the 2-10 treasury yields rose higher likely on higher interest rate expectations. Elsewhere, the European Union and Japan reportedly signed a free trade agreement yesterday which cut or eliminates tariffs on nearly all goods, ranging from European exports such as cheese and wine, while Japanese automakers and electronic makers will face fewer barriers. This move is seen as a stark contrast against Donald Trump's attempt at protectionism given that the EU-Japan agreement collectively accounts for almost a third of the global economy. The RBA minutes were also seen to be relatively dovish, owing to its omission of the reference "the cash rate would be up, rather than down" as seen in its previous minutes. The minutes also highlighted that downside risks to growth have increased amid trade war concerns.</p> <p>For today, the calendar looks relatively sparse: we will be looking out for Eurozone inflation and US MBA mortgage application, as well as Singapore COE prices.</p>
<b>CH</b>	<p>China commented that it is still confident of hitting its 6.5% growth target this year despite the on-going trade spat with the US, even as its growth slowed further from 6.8% in Q1 to 6.7% in Q2 amid the slowest industrial production in two years at 6.0%.</p> <p>Property prices continued to trend higher in June. 63 cities out of 70 main cities reported month-on-month gain in property prices. Although property prices in Beijing and Shanghai are flat, property prices in lower tier cities in Hainan island jumped by more than 3% due to government's plan to turn the island to free trade port. In addition, property prices in Dandong, a city bordering North Korea, also spiked by 3.3% mom thanks to the Korea Peace treaty. In addition, China's US Treasury holdings remained stable at US\$1.18 trillion in May, unaffected by the escalating trade tension.</p>
<b>ID</b>	<p>BI will be holding the Board of Governor's meeting for the next two days. The central bank has engaged in a rate hike in its last three meetings but regardless, the IDR has remained under pressure.</p>
<b>CMD</b>	<p>WTI futures fell below its \$68/bbl handle yesterday before closing slightly higher, a sign that market-watchers took concerns over higher US inventories in the last week. The American Petroleum Institute reported US oil stockpiles increased 629 thousand barrels last week, suggesting that inventories, amid recent news that Saudi Arabia is increasing its supplies to Asia, can be persuasive drivers to drag oil prices lower into the week. Note that oil prices have already fallen by 9% in July in the face of US-Sino trade concerns, reinforcing our expectations for growth-related commodities including crude oil and base metals to weaken as concerns intensify.</p>

## Major Market

- **US:** Wall Street closed higher on Tuesday, buoyed by upbeat assessments of the US economy by Federal Reserve Chairman Jerome Powell to Congress. The Dow gained 0.22% to edge up to 25,119.89. The Nasdaq composite rose 0.63% to 7,855.12, while the S&P500 gained 0.40%. The VIX Index fell to 12.06 on Tuesday, as compared to 12.83 on Monday. On the Treasury front, the 2y yield climbed to 2.615% (+1.9bp), and the 10y yield gained 0.2bp to 2.860%.
- **Singapore:** The STI gained 0.21% to close up at 3,239.64 yesterday. The gain was led by Golden Agri-Resources (+3.70%), Singapore Airlines (+3.56%) and Venture Corp (+3.53%). On the other end of the equity market, Yangzijiang Shipbuilding, Starhub and CapitaLand Mall Trust saw losses of 3.41%, 1.73% and 0.93% respectively.
- **Malaysia:** Eight senators were sworn in yesterday that included Mohd Radzi Md Jidin, the new Deputy Minister for Economic Affairs. His expertise lies in the field of accounting where he was previously a lecturer for three Australian universities - the University of Tasmania, University of New South Wales and the Australian National University.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 2-3bps higher (with the exception of the 30-year swap rates trading 5bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 146bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bps to 551bps. 10Y UST yields rose 1bps to 2.87% in the earlier part of the trading session after Federal Reserve Chairman Jerome Powell's upbeat remarks on the economy, reiterating the Fed's commitment to more rate hikes. Yields subsequently fell 1bps to close at 2.86%.
- **New Issues:** United Overseas Bank Ltd has priced a AUD600mn 3.5-year FRN at 3mBBSW+81bps, tightening from its initial price guidance of 3mBBSW+83bps area. Housing and Development Board has priced a SGD700mn 5-year bond at 2.42%. Mitsubishi UFJ Financial Group Inc has priced a USD4.6bn deal across six tranches with (1) the USD750mn 3-year bond priced at CT3+85bps, tightening from its initial price guidance of CT3+100-105bps area; (2) the USD750mn 3-year FRN priced at 3mL+65bps, in line with its initial price guidance; (3) the USD1bn 5-year bond priced at CT5+100bps, tightening from its initial price guidance of CT5+115bps area; (4) the USD800mn 5-year FRN priced at 3mL+86bps, in line with its initial price guidance; (5) the USD800mn 20-year bond priced at CT20+132bps, tightening from its initial price guidance of CT20+140-145bps area; and (6) a USD800mn re-tap of its MUF3.961%'28s at CT10+120bps, tightening from its initial price guidance of CT10+130bps area.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	94.985	0.50%	<b>USD-SGD</b>	1.3648	0.20%
<b>USD-JPY</b>	112.880	0.53%	<b>EUR-SGD</b>	1.5915	-0.22%
<b>EUR-USD</b>	1.1661	-0.43%	<b>JPY-SGD</b>	1.2090	-0.32%
<b>AUD-USD</b>	0.7389	-0.40%	<b>GBP-SGD</b>	1.7899	-0.70%
<b>GBP-USD</b>	1.3115	-0.91%	<b>AUD-SGD</b>	1.0085	-0.22%
<b>USD-MYR</b>	4.0462	0.05%	<b>NZD-SGD</b>	0.9258	0.29%
<b>USD-CNY</b>	6.7065	0.23%	<b>CHF-SGD</b>	1.3646	-0.15%
<b>USD-IDR</b>	14378	-0.11%	<b>SGD-MYR</b>	2.9759	0.16%
<b>USD-VND</b>	23055	--	<b>SGD-CNY</b>	4.9218	0.19%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	1.9126	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.0785	--
<b>3M</b>	-0.3210	--	<b>2M</b>	2.1735	--
<b>6M</b>	-0.2690	--	<b>3M</b>	2.3326	--
<b>9M</b>	-0.2160	--	<b>6M</b>	2.5185	--
<b>12M</b>	-17.9%	--	<b>12M</b>	278.8%	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	20.7%	20.7%	0.0%	0.0%	0.0%
09/26/2018	91.5%	73.1%	18.5%	0.0%	0.0%
11/08/2018	92.0%	69.6%	21.4%	1.0%	0.0%
12/19/2018	97.0%	31.1%	51.5%	13.8%	0.6%
01/30/2019	97.2%	28.8%	49.9%	16.8%	1.7%
03/20/2019	98.7%	15.3%	38.9%	34.0%	9.5%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	68.08	0.03%	Copper (per mt)	6,056.1	-0.63%
Brent (per barrel)	72.16	0.45%	Nickel (per mt)	13,425.0	-1.08%
Heating Oil (per gallon)	2.0701	0.77%	Aluminium (per mt)	2,016.5	-4.27%
Gasoline (per gallon)	2.0261	1.19%			
Natural Gas (per MMBtu)	2.7400	-0.69%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,171.0	-0.09%
			Rubber (JPY/KG)	173.1	0.12%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,227.3	-1.00%			
Silver (per oz)	15.617	-1.23%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,119.89	55.53
<b>S&amp;P</b>	2,809.55	11.12
<b>Nasdaq</b>	7,855.12	49.40
<b>Nikkei 225</b>	22,697.36	100.01
<b>STI</b>	3,239.64	6.85
<b>KLCI</b>	1,737.28	10.61
<b>JCI</b>	5,861.51	-43.65
<b>Baltic Dry</b>	1,695.00	--
<b>VIX</b>	12.06	-0.77

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.85 (-0.01)	2.62 (+0.02)
<b>5Y</b>	2.12 (--)	2.76 (+0.01)
<b>10Y</b>	2.42 (--)	2.86 (--)
<b>15Y</b>	2.67 (--)	--
<b>20Y</b>	2.72 (+0.01)	--
<b>30Y</b>	2.79 (+0.01)	2.97 (+0.01)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	35.72	-1.32
<b>EURIBOR-OIS</b>	3.75	-0.02
<b>TED</b>	34.29	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>07/17/2018 05:00</b>	<b>NZ REINZ House Sales YoY</b>	<b>Jun</b>	<b>--</b>	<b>-1.60%</b>	<b>1.30%</b>	<b>--</b>
<b>07/17/2018 06:45</b>	<b>NZ CPI QoQ</b>	<b>2Q</b>	<b>0.50%</b>	<b>0.40%</b>	<b>0.50%</b>	<b>--</b>
07/17/2018 06:45	NZ CPI YoY	2Q	1.60%	1.50%	1.10%	--
07/17/2018 08:30	SI Non-oil Domestic Exports SA MoM	Jun	-8.70%	-10.80%	10.30%	--
07/17/2018 08:30	SI Electronic Exports YoY	Jun	--	-7.90%	-7.80%	--
<b>07/17/2018 08:30</b>	<b>SI Non-oil Domestic Exports YoY</b>	<b>Jun</b>	<b>7.80%</b>	<b>1.10%</b>	<b>15.50%</b>	<b>--</b>
07/17/2018 11:00	NZ Non Resident Bond Holdings	Jun	--	58.10%	58.90%	--
07/17/2018 12:00	JN Tokyo Condominium Sales YoY	Jun	--	16.40%	-5.40%	--
07/17/2018 14:00	EC EU27 New Car Registrations	Jun	--	5.20%	0.80%	--
07/17/2018 16:00	IT Industrial Sales WDA YoY	May	--	5.00%	4.00%	3.90%
07/17/2018 16:00	IT Industrial Sales MoM	May	--	1.70%	0.30%	0.20%
07/17/2018 16:00	IT Industrial Orders NSA YoY	May	--	4.90%	6.40%	7.20%
07/17/2018 16:00	IT Industrial Orders MoM	May	--	3.60%	-1.30%	-0.60%
<b>07/17/2018 16:30</b>	<b>UK Claimant Count Rate</b>	<b>Jun</b>	<b>--</b>	<b>2.50%</b>	<b>2.50%</b>	<b>--</b>
<b>07/17/2018 16:30</b>	<b>UK Jobless Claims Change</b>	<b>Jun</b>	<b>--</b>	<b>7.8k</b>	<b>-7.7k</b>	<b>-3.0k</b>
07/17/2018 16:30	UK Average Weekly Earnings 3M/YoY	May	2.50%	2.50%	2.50%	2.60%
<b>07/17/2018 16:30</b>	<b>UK ILO Unemployment Rate 3Mths</b>	<b>May</b>	<b>4.20%</b>	<b>4.20%</b>	<b>4.20%</b>	<b>--</b>
<b>07/17/2018 17:00</b>	<b>IT CPI EU Harmonized YoY</b>	<b>Jun F</b>	<b>1.50%</b>	<b>1.40%</b>	<b>1.50%</b>	<b>--</b>
07/17/2018 20:30	CA Manufacturing Sales MoM	May	0.40%	1.40%	-1.30%	-1.10%
<b>07/17/2018 21:15</b>	<b>US Industrial Production MoM</b>	<b>Jun</b>	<b>0.50%</b>	<b>0.60%</b>	<b>-0.10%</b>	<b>-0.50%</b>
07/17/2018 21:15	US Capacity Utilization	Jun	78.30%	78.00%	77.90%	77.70%
07/17/2018 22:00	US NAHB Housing Market Index	Jul	68	68	68	--
07/18/2018 04:00	US Total Net TIC Flows	May	--	\$69.9b	\$138.7b	\$233.1b
07/18/2018 04:00	US Net Long-term TIC Flows	May	--	\$45.6b	\$93.9b	\$94.0b
<b>07/18/2018 08:30</b>	<b>AU Westpac Leading Index MoM</b>	<b>Jun</b>	<b>--</b>	<b>--</b>	<b>-0.22%</b>	<b>--</b>
<b>07/18/2018 12:00</b>	<b>MA CPI YoY</b>	<b>Jun</b>	<b>1.30%</b>	<b>--</b>	<b>1.80%</b>	<b>--</b>
07/18/2018 16:00	SI Automobile COE Open Bid Cat A	Jul-18	--	--	25000	--
07/18/2018 16:00	SI Automobile COE Open Bid Cat B	Jul-18	--	--	31000	--
07/18/2018 16:00	SI Automobile COE Open Bid Cat E	Jul-18	--	--	31001	--
<b>07/18/2018 16:30</b>	<b>UK CPI MoM</b>	<b>Jun</b>	<b>0.20%</b>	<b>--</b>	<b>0.40%</b>	<b>--</b>
<b>07/18/2018 16:30</b>	<b>UK CPI YoY</b>	<b>Jun</b>	<b>2.60%</b>	<b>--</b>	<b>2.40%</b>	<b>--</b>
<b>07/18/2018 16:30</b>	<b>UK CPI Core YoY</b>	<b>Jun</b>	<b>2.10%</b>	<b>--</b>	<b>2.10%</b>	<b>--</b>
07/18/2018 16:30	UK Retail Price Index	Jun	281.9	--	280.7	--
07/18/2018 16:30	UK RPI MoM	Jun	0.40%	--	0.40%	--
07/18/2018 16:30	UK RPI YoY	Jun	3.50%	--	3.30%	--
07/18/2018 16:30	UK RPI Ex Mort Int.Payments (YoY)	Jun	3.60%	--	3.40%	--
07/18/2018 16:30	UK PPI Input NSA YoY	Jun	10.10%	--	9.20%	--
<b>07/18/2018 16:30</b>	<b>UK PPI Output NSA MoM</b>	<b>Jun</b>	<b>0.30%</b>	<b>--</b>	<b>0.40%</b>	<b>--</b>
<b>07/18/2018 16:30</b>	<b>UK PPI Output NSA YoY</b>	<b>Jun</b>	<b>3.20%</b>	<b>--</b>	<b>2.90%</b>	<b>--</b>
07/18/2018 16:30	UK PPI Output Core NSA YoY	Jun	2.10%	--	2.10%	--
07/18/2018 17:00	EC CPI Core YoY	Jun F	1.00%	--	1.00%	--
<b>07/18/2018 17:00</b>	<b>EC CPI YoY</b>	<b>Jun F</b>	<b>2.00%</b>	<b>--</b>	<b>1.90%</b>	<b>1.90%</b>
<b>07/18/2018 17:00</b>	<b>EC CPI MoM</b>	<b>Jun</b>	<b>0.10%</b>	<b>--</b>	<b>0.50%</b>	<b>0.50%</b>
<b>07/18/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Jul-13</b>	<b>--</b>	<b>--</b>	<b>2.50%</b>	<b>--</b>
<b>07/18/2018 20:30</b>	<b>US Housing Starts</b>	<b>Jun</b>	<b>1320k</b>	<b>--</b>	<b>1350k</b>	<b>--</b>
07/18/2018 20:30	US Building Permits	Jun	1330k	--	1301k	--

Source: Bloomberg

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