

**Highlights**

<b>Global</b>	<p>Optimism surrounding US President Trump's deal with European Commission president Juncker to "work together towards zero tariffs, zero non-tariff barriers and zero subsidies on non-auto industrial goods" lifted risk appetite and Wall Street overnight. Across commodities, Trump added that the EU agreed to buy a lot of soybeans and LNG from the US, while the US will not add further tariffs on the EU, although existing rules on European steel and aluminium would be re-examined. In a nutshell, given that both parties highlighted to "hold off other tariffs", the deal likely eased market concerns over escalation in trade tensions between the US and Europe. Elsewhere, some Chinese banks reported to have received notice from PBOC that a so-called "structural parameter" will be lowered to reduce required capital buffers, although the central bank has not given an official statement regarding this yet.</p> <p>For today, we are waiting in anticipation for ECB decision, although market expects policy-makers to hold rates unchanged for now, while any further cues on ECB's reduction in their bond purchase program especially during current trade war tensions will likely be closely watched. Other data includes Singapore industrial production, Hong Kong trade and US initial jobless claims &amp; durable goods orders will also likely guide market risk appetite into Friday.</p>
<b>US &amp; EU</b>	US home sales continue to contract into June, with market participants citing high home prices as the main reason for the lacklustre demand. In the EU space, business confidence from July's IFO estimates was better than market-expectations, although it remains lower than its previous print in June.
<b>CH</b>	China continued to move aggressively to boost credit support to the real economy. The onshore news reported that some banks were allowed to lower their structural parameters for the calculation of minimum macro prudential capital adequacy ratio. By lowering the CAR ratio, it will help encourage banks to lend more to support the real economy.
<b>KR</b>	2Q18 growth printed 2.9% yoy (+0.7% qoq sa) in line with market expectations. Note that BOK has previously downgraded its 2018 growth outlook to 2.9% (from 3.0%).
<b>MA</b>	According to Bloomberg, Khazanah has said that their entire board has tendered their resignation. The news portal also reported that Managing Director Azman Mokhtar and IHH Healthcare Bhd Chairman Azlan Hashim will be stepping down too.
<b>CMD</b>	Energy prices rallied for the second day, with WTI gaining lost ground to close \$69.3/bbl overnight. Other dollar-denominated commodities including base metals, soft commodities, grains and precious metals also rallied in tandem with the relatively weaker dollar overnight. The upward gain in growth-related commodities overnight is also likely a suggestion of better growth appetite given the easing trade concerns between the US-Europe.

## Major Market

- **US:** Wall Street made gains on Wednesday following the US-Trump and EC-Juncker's agreement to put new tariffs on hold, easing trade tensions. The tech-rich Nasdaq composite climbed 1.17% to 7,932.24, a historical high. The Dow rallied by 0.68% to close up at 25,414.10, while the S&P500 gained 0.91% to reach 2,846.07. The VIX Index fell to 12.29 on Wednesday, as compared to 12.41 on Tuesday. On the Treasury front, the 2y yield gained 3.6bps to 2.669%, while the 10y yield rose 2.6bps to 2.974%.
- **Singapore:** The STI bucked its previous two-day fall and rose 1.04% to 3,326.83 overnight. With the gain, the STI is now at its highest since mid-June above its 3,300 handle. Gainers included Starhub (+4.2%), OCBC (+3.2) and SATS Ltd (+3.1%). Losers included CapitaLand Mall Trust (-2.7%), Hutchison Port Holdings (-1.9%) and Keppel Corp (-1.6%).
- **Malaysia:** According to Bloomberg, Khazanah has said that their entire board has tendered their resignation. The news portal also reported that Managing Director Azman Mokhtar and IHH Healthcare Bhd Chairman Azlan Hashim will be stepping down too. Previously, Prime Minister Mahathir Mohamad had said that the sovereign wealth fund had strayed away from its purpose of holding shares allocated to the Bumiputera public until they are able to acquire the shares for themselves. Finance Minister Lim Guan Eng had also said the old administration used money raised from the redemption of shares by Khazanah to repay the debt of 1MDB.
- According to Malaysiakini, Prime Minister Mahathir Mohamad will be making a five-day official working visit around mid-August to China. The news portal also made mention that he could be accompanied by three cabinet ministers, namely Minister of Economic Affairs Azmin Ali, Minister of Finance Lim Guan Eng and Minister of Foreign Affairs Saifuddin Abdullah.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the short end flat while swap rates longer than 6mths traded around 3bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 9bps to 592bps. 10Y UST yields fell 2bps to 2.93% in the earlier part of the trading session as investors do not expect Bank of Japan to make an actual change to its stimulus program in July. However, yields subsequently rose 5bps to close at 2.97% as US President Donald Trump met European Commission President Jean-Claude Juncker and agreed to suspend new tariffs during trade negotiations yesterday.
- **New Issues:** Greenland Global Investment Ltd has priced a USD300mn re-tap of its GRNLGR'21s at 3mL+485bps, in line with its initial price guidance. Temasek Financial I Ltd has priced a USD1.35bn 10-year bond (guaranteed by Temasek Holdings Pte Ltd) at CT10+72bps, tightening from its initial price guidance of CT10+90-95bps area. Posco has priced a USD500mn 5-year bond at CT5+130bps, tightening from its initial price guidance of CT5+155bps areas. Export-Import Bank of China has priced a USD140mn 3-year bond at 3mL+60bps.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	94.233	-0.40%	<b>USD-SGD</b>	1.3584	-0.37%
<b>USD-JPY</b>	110.980	-0.20%	<b>EUR-SGD</b>	1.5932	-0.03%
<b>EUR-USD</b>	1.1729	0.36%	<b>JPY-SGD</b>	1.2241	-0.20%
<b>AUD-USD</b>	0.7455	0.43%	<b>GBP-SGD</b>	1.7916	-0.03%
<b>GBP-USD</b>	1.3189	0.33%	<b>AUD-SGD</b>	1.0126	0.06%
<b>USD-MYR</b>	4.0555	-0.26%	<b>NZD-SGD</b>	0.9287	0.16%
<b>USD-CNY</b>	6.7697	-0.34%	<b>CHF-SGD</b>	1.3693	-0.23%
<b>USD-IDR</b>	14475	-0.48%	<b>SGD-MYR</b>	2.9795	0.04%
<b>USD-VND</b>	23185	-0.23%	<b>SGD-CNY</b>	4.9684	-0.24%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	1.9141	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.0701	--
<b>3M</b>	-0.3210	--	<b>2M</b>	2.1724	--
<b>6M</b>	-0.2690	--	<b>3M</b>	2.3349	--
<b>9M</b>	-0.2170	--	<b>6M</b>	2.5225	--
<b>12M</b>	-17.9%	--	<b>12M</b>	280.8%	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	18.6%	18.6%	0.0%	0.0%	0.0%
09/26/2018	91.4%	74.7%	16.6%	0.0%	0.0%
11/08/2018	91.8%	71.1%	19.8%	0.9%	0.0%
12/19/2018	97.1%	30.5%	52.9%	13.1%	0.6%
01/30/2019	97.3%	28.3%	51.1%	16.3%	1.6%
03/20/2019	98.8%	13.9%	38.3%	35.8%	9.8%

#### Commodities Futures

<b>Energy</b>	<b>Futures</b>	<b>% chg</b>	<b>Soft Commodities</b>	<b>Futures</b>	<b>% chg</b>
WTI (per barrel)	69.30	1.14%	Coffee (per lb)	1.110	0.05%
Brent (per barrel)	73.93	0.67%	Cotton (per lb)	0.8797	1.46%
Heating Oil (per gallon)	2.1512	0.87%	Sugar (per lb)	0.1119	--
Gasoline (per gallon)	2.1231	1.31%	Orange Juice (per lb)	1.6475	0.98%
Natural Gas (per MMBtu)	2.7750	1.57%	Cocoa (per mt)	2,245	-0.53%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	6,211.5	0.25%	Wheat (per bushel)	5.4275	6.37%
Nickel (per mt)	13,604.0	0.58%	Soybean (per bushel)	8.758	0.29%
Aluminium (per mt)	2,047.5	-1.18%	Corn (per bushel)	3.7325	1.98%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,241.0	0.52%	Crude Palm Oil (MYR/MT)	2,163.0	0.51%
Silver (per oz)	15.589	0.44%	Rubber (JPY/KG)	168.4	1.26%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,414.10	172.16
<b>S&amp;P</b>	2,846.07	25.67
<b>Nasdaq</b>	7,932.24	91.47
<b>Nikkei 225</b>	22,614.25	103.77
<b>STI</b>	3,326.83	34.18
<b>KLCI</b>	1,763.78	0.85
<b>JCI</b>	5,933.89	2.05
<b>Baltic Dry</b>	1,774.00	--
<b>VIX</b>	12.29	-0.12

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.85 (-0.03)	2.67 (+0.04)
<b>5Y</b>	2.14 (-0.04)	2.85 (+0.03)
<b>10Y</b>	2.41 (-0.05)	2.97 (+0.03)
<b>15Y</b>	2.72 (-0.07)	--
<b>20Y</b>	2.76 (-0.07)	--
<b>30Y</b>	2.85 (-0.06)	3.10 (+0.03)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	33.45	-0.45
<b>EURIBOR-OIS</b>	3.93	0.01
<b>TED</b>	34.02	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
07/25/2018 05:00	SK Consumer Confidence	Jul	--	101	105.5	--
<b>07/25/2018 06:45</b>	<b>NZ Trade Balance NZD</b>	<b>Jun</b>	<b>200m</b>	<b>-113m</b>	<b>294m</b>	<b>208m</b>
07/25/2018 06:45	NZ Exports NZD	Jun	5.06b	4.91b	5.42b	5.35b
07/25/2018 06:45	NZ Imports NZD	Jun	4.92b	5.02b	5.12b	5.15b
07/25/2018 06:45	NZ Trade Balance 12 Mth YTD NZD	Jun	-3681m	-4031m	-3598m	-3675m
<b>07/25/2018 09:30</b>	<b>AU CPI QoQ</b>	<b>2Q</b>	<b>0.50%</b>	<b>0.40%</b>	<b>0.40%</b>	--
<b>07/25/2018 09:30</b>	<b>AU CPI YoY</b>	<b>2Q</b>	<b>2.20%</b>	<b>2.10%</b>	<b>1.90%</b>	--
07/25/2018 09:30	AU CPI Trimmed Mean QoQ	2Q	0.50%	0.50%	0.50%	0.60%
07/25/2018 09:30	AU CPI Trimmed Mean YoY	2Q	1.90%	1.90%	1.90%	--
07/25/2018 09:30	AU CPI Weighted Median QoQ	2Q	0.50%	0.50%	0.50%	--
07/25/2018 09:30	AU CPI Weighted Median YoY	2Q	1.90%	1.90%	2.00%	2.10%
07/25/2018 14:45	FR PPI MoM	Jun	--	0.10%	0.60%	0.70%
07/25/2018 14:45	FR PPI YoY	Jun	--	3.40%	2.90%	3.00%
<b>07/25/2018 16:00</b>	<b>EC M3 Money Supply YoY</b>	<b>Jun</b>	<b>4.00%</b>	<b>4.40%</b>	<b>4.00%</b>	--
<b>07/25/2018 16:00</b>	<b>GE IFO Business Climate</b>	<b>Jul</b>	<b>101.5</b>	<b>101.7</b>	<b>101.8</b>	--
<b>07/25/2018 16:00</b>	<b>GE IFO Expectations</b>	<b>Jul</b>	<b>98.3</b>	<b>98.2</b>	<b>98.6</b>	<b>98.5</b>
<b>07/25/2018 16:00</b>	<b>GE IFO Current Assessment</b>	<b>Jul</b>	<b>104.9</b>	<b>105.3</b>	<b>105.1</b>	<b>105.2</b>
07/25/2018 16:30	UK UK Finance Loans for Housing	Jun	39000	40541	39244	39528
<b>07/25/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Jul-20</b>	<b>--</b>	<b>-0.20%</b>	<b>-2.50%</b>	--
<b>07/25/2018 22:00</b>	<b>US New Home Sales</b>	<b>Jun</b>	<b>668k</b>	<b>631k</b>	<b>689k</b>	<b>666k</b>
07/25/2018 22:00	US New Home Sales MoM	Jun	-3.10%	-5.30%	6.70%	3.90%
<b>07/26/2018 07:00</b>	<b>SK GDP SA QoQ</b>	<b>2Q P</b>	<b>0.70%</b>	<b>0.70%</b>	<b>1.00%</b>	--
<b>07/26/2018 07:00</b>	<b>SK GDP YoY</b>	<b>2Q P</b>	<b>2.90%</b>	<b>2.90%</b>	<b>2.80%</b>	--
07/26/2018 07:50	JN Japan Buying Foreign Bonds	Jul-20	--	--	¥5.6b	--
07/26/2018 07:50	JN Foreign Buying Japan Stocks	Jul-20	--	--	¥601.4b	--
07/26/2018 07:50	JN Foreign Buying Japan Bonds	Jul-20	--	--	¥653.6b	--
07/26/2018 07:50	JN Japan Buying Foreign Stocks	Jul-20	--	--	¥273.0b	--
07/26/2018 08:50	JN PPI Services YoY	Jun	1.00%	--	1.00%	--
07/26/2018 09:30	AU Import Price Index QoQ	2Q	1.90%	--	2.10%	--
<b>07/26/2018 13:00</b>	<b>SI Industrial Production YoY</b>	<b>Jun</b>	<b>3.30%</b>	--	<b>11.10%</b>	--
07/26/2018 13:00	SI Industrial Production SA MoM	Jun	2.20%	--	0.40%	--
07/26/2018 14:00	GE GfK Consumer Confidence	Aug	10.7	--	10.7	--
<b>07/26/2018 14:45</b>	<b>FR Consumer Confidence</b>	<b>Jul</b>	<b>98</b>	--	<b>97</b>	--
<b>07/26/2018 15:30</b>	<b>TH Foreign Reserves</b>	<b>Jul-20</b>	<b>--</b>	<b>--</b>	<b>\$205.9b</b>	--
<b>07/26/2018 16:00</b>	<b>IT Manufacturing Confidence</b>	<b>Jul</b>	<b>106.5</b>	--	<b>106.9</b>	--
<b>07/26/2018 16:00</b>	<b>IT Consumer Confidence Index</b>	<b>Jul</b>	<b>116</b>	--	<b>116.2</b>	--
07/26/2018 16:00	IT Economic Sentiment	Jul	--	--	105.4	--
<b>07/26/2018 16:30</b>	<b>HK Exports YoY</b>	<b>Jun</b>	<b>7.90%</b>	--	<b>15.90%</b>	--
07/26/2018 16:30	HK Imports YoY	Jun	8.20%	--	16.50%	--
07/26/2018 16:30	HK Trade Balance HKD	Jun	-52.0b	--	-43.2b	--
<b>07/26/2018 19:45</b>	<b>EC ECB Main Refinancing Rate</b>	<b>Jul-26</b>	<b>0.00%</b>	--	<b>0.00%</b>	--
<b>07/26/2018 19:45</b>	<b>EC ECB Marginal Lending Facility</b>	<b>Jul-26</b>	<b>0.25%</b>	--	<b>0.25%</b>	--
<b>07/26/2018 19:45</b>	<b>EC ECB Deposit Facility Rate</b>	<b>Jul-26</b>	<b>-0.40%</b>	--	<b>-0.40%</b>	--
<b>07/26/2018 20:30</b>	<b>US Wholesale Inventories MoM</b>	<b>Jun P</b>	<b>0.30%</b>	--	<b>0.60%</b>	--
<b>07/26/2018 20:30</b>	<b>US Initial Jobless Claims</b>	<b>Jul-21</b>	<b>215k</b>	--	<b>207k</b>	--
07/26/2018 20:30	US Continuing Claims	Jul-14	1733k	--	1751k	--
<b>07/26/2018 20:30</b>	<b>US Durable Goods Orders</b>	<b>Jun P</b>	<b>3.00%</b>	--	<b>-0.40%</b>	--
07/26/2018 20:30	US Durables Ex Transportation	Jun P	0.50%	--	0.00%	--
07/26/2018 20:30	US Cap Goods Orders Nondef Ex Air	Jun P	0.50%	--	0.30%	--
07/26/2018 20:30	US Cap Goods Ship Nondef Ex Air	Jun P	0.40%	--	0.20%	--
07/26/2018 21:45	US Bloomberg Consumer Comfort	Jul-22	--	--	58.8	--

Source: Bloomberg

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