

### Highlights

<b>Global</b>	<p>The US administration has decided to use the CFIUS legislation to expand investigations to include minority investments in “critical technology” or “critical infrastructure” and JVs where technology companies contribute intellectual property. However, the implementation of the new CFIUS law may take up to 18 months. Nevertheless, this was seen as a less confrontational approach was taken by not adopting the International Emergency Economic Powers Act of 1977 (IEEPA) earlier touted. While the USD and US Treasury bonds strengthened, but Wall Street closed lower on economic adviser Kudlow’s comments that the US is not softening its hard-line stance on trade or China. Meanwhile, RBNZ kept its OCR static at 1.75% as anticipated, citing that “CPI inflation is likely to increase in the near term due to higher fuel prices. Beyond that, inflation is expected to gradually rise to our 2 percent target, resulting from capacity pressures” and “the best contribution we can make...is to ensure the OCR is at an expansionary level for a considerable period”. Given the mixed market currents, Asian bourses may remain rangebound today, as nervous investors keep an eye on the RMB and the rising crude oil price. Economic data to watch today include US’ initial jobless claims, Eurozone’s consumer confidence, and German CPI. Speakers include BOE’s Haldane and Fed’s Bullard and Bostic.</p>
<b>US</b>	<p>US’ durable goods orders fell less than expected by 0.6% in May, but saw upward revision in the April data (now -1.0% versus -1.6% as initially estimated), partly due to swings in civilian aircraft orders. Excluding transportation, orders fell 0.3% in May from a revised 1.9% surge in April. Meanwhile, wholesale inventories rose 0.5% in May, up from 0.1% in April, while pending home sales unexpectedly declined for the second straight month by 0.5% mom (-2.8% yoy) amid a persistent shortage of inventories.</p>
<b>CA</b>	<p>BOC governor Poloz opined that tariffs would figure “prominently” in the July meeting, but also noted that “we’re in a situation where the economy will warrant higher interest rates”.</p>
<b>CN</b>	<p>Industrial profits accelerated 16.5% yoy in 5M18, from 15% in 4M18. The larger companies still benefited from rebound of producer prices. In addition, China reportedly intervened its currency market yesterday to slow down the pace of depreciation after the USDCNY touched 6.61 in the onshore market. However, it failed to stop RMB from weakening as corporates postpone their dollar sale amid rising volatility. RMB index weakened further to below 96. Market should watch out for RMB index. Should RMB index give up all its year-to-date gains to fall to 95, we expect more intervention from China.</p>
<b>CMD</b>	<p>Oil prices surged even higher overnight as market-watchers fret over US’ demands for oil importers to reduce their Iranian oil imports to zero by November 2018. Note that WTI crude price has surged to its highest since 2014, though Brent prices were also up 1.7% to \$77.6/bbl at yesterday’s closing. On the same note, the Iranian oil minister has publicly warned Saudi Arabia to keep to the terms of the recent OPEC agreement made on 23<sup>rd</sup> June, saying that any production “above (Saudi’s) quota... is in breach of the contract with OPEC”. Further dollar strength with the DXY index rising to its 21<sup>st</sup> June high on intraday trading led precious metal prices broadly lower as well, suggesting that the precious metal complex remains inherently influenced by how the dollar trends.</p>

## Major Market

- **US:** Wall Street fell on Wednesday led by declines in tech stocks, offsetting gains in energy stock. Dow Jones fell by 0.68%, S&P500 declined by 0.86% while the Nasdaq composite fell by 1.54%. VIX jumped to 17.91 on Wednesday, as compared to Tuesday's 15.92. The 2y- and 10y- yields fell by 2.8 bps and 5.1 bps, respectively.
- **Singapore:** The \$1.5b 20-year SGS bond auction saw a cut-off yield of 2.86% (within the 2.85-2.9% range we called for) and very strong demand with a bid-cover ratio of 2.38x (highest in the history of 20-year bond auctions since 2007).
- The STI declined 0.80% to close at 3254.77 yesterday and may continue to slide today amid weak overnight cues from Wall Street and morning slippage by Nikkei and Kospi. The STI' support and resistance are tipped at 3220 and 3280 respectively. With UST bond yields falling by up to 6bps led by the longer-tenors, SGS bond market are likely to rally today as well.
- **Thailand:** The manufacturing output surprised higher at 3.2% in May, versus market expectation of 3.1%. Notably, the positive contribution came from automotive, sugar and electronics, while the overall positive export environment aided Thailand's external space as well.
- **Macau:** Unemployment rate dropped to the lowest level since early 2018 at 1.8% over the three months through May 2018. Labor force participation rate rebounded to 70.8%, a level last seen in late 2017. Besides, the employed population grew for the fifth three-month periods to 383,100. Taken all together, it reflects that labor demand has held up well over the past few months. Zooming in, the employment of retail sector increased further by 2.8% mom, supported by robust retail growth on the back of upbeat consumer sentiment and sustained revival of inbound tourism. Meanwhile, gaming sector's employment increased 1.5% mom given the successive openings of new mega projects. Also, the employment of construction industry edged up 2.1% mom amid strong labor demand of infrastructure projects. Moving forward, the labor market is likely to remain tight. As the government plans to increase investment in infrastructure, we expect demand for construction workers will remain elevated. A new wave of mega project openings will also keep supporting the hiring sentiments across gaming- and tourism-related sectors.
- **Indonesia:** The country has just completed its regional elections with counting now under way. Meanwhile, the central bank will be holding its policy meeting for the next two days with expectations of another rate hike by 25 bps.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading 2bps lower across most tenors (with the exception of the 20-year swap rates trading 3bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 145bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 5bps to 489bps. Overall, 10Y UST yields fell 5bps to close at 2.83% due to continued concern over trade wars. However, there was an intra-day increase in yields by 4bps as US President Donald Trump indicated that he would not impose restrictions on Chinese investments in US technology firms.

- **New Issues:** Korea National Oil Corp has priced a USD400mn 5-year FRN at 3mL+87.5bps, tightening from its initial price guidance of 3mL+90bps. CapitaLand Retail China Trust has priced a SGD130mn 4-year bond at 3.25%, tightening from its initial price guidance of 3.40%. SK Innovation Co Ltd has scheduled for investor meetings from 3 July for its potential USD bond issuance.

### Key Financial Indicators

**Foreign Exchange**

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.290	0.65%	<b>USD-SGD</b>	1.3675	0.32%
<b>USD-JPY</b>	110.260	0.18%	<b>EUR-SGD</b>	1.5802	-0.47%
<b>EUR-USD</b>	1.1554	-0.81%	<b>JPY-SGD</b>	1.2401	0.10%
<b>AUD-USD</b>	0.7340	-0.73%	<b>GBP-SGD</b>	1.7934	-0.50%
<b>GBP-USD</b>	1.3113	-0.85%	<b>AUD-SGD</b>	1.0039	-0.37%
<b>USD-MYR</b>	4.0300	0.19%	<b>NZD-SGD</b>	0.9286	-0.71%
<b>USD-CNY</b>	6.6083	0.44%	<b>CHF-SGD</b>	1.3714	-0.32%
<b>USD-IDR</b>	14179	--	<b>SGD-MYR</b>	2.9520	-0.09%
<b>USD-VND</b>	22937	0.06%	<b>SGD-CNY</b>	4.8421	0.27%

**Interbank Offer Rates (%)**

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	--	<b>O/N</b>	1.9350	--
<b>2M</b>	-0.3380	--	<b>1M</b>	2.1019	--
<b>3M</b>	-0.3230	--	<b>2M</b>	2.1689	--
<b>6M</b>	-0.2700	--	<b>3M</b>	2.3356	--
<b>9M</b>	-0.2140	--	<b>6M</b>	2.5025	--
<b>12M</b>	-0.1810	--	<b>12M</b>	2.7709	--

**Fed Rate Hike Probability**

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	22.7%	22.7%	0.0%	0.0%	0.0%
09/26/2018	76.3%	60.5%	15.7%	0.0%	0.0%
11/08/2018	76.9%	59.5%	17.0%	0.4%	0.0%
12/19/2018	89.7%	39.4%	40.5%	9.6%	0.2%
01/30/2019	90.5%	37.1%	40.4%	12.0%	1.0%
03/20/2019	94.7%	24.9%	38.9%	24.5%	5.8%

**Commodities Futures**

<b>Energy</b>	<b>Futures</b>	<b>% chg</b>	<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>
WTI (per barrel)	72.76	3.16%	Copper (per mt)	6,630.4	-0.27%
Brent (per barrel)	77.62	1.72%	Nickel (per mt)	14,820.0	0.66%
Heating Oil (per gallon)	2.1772	2.26%	Aluminium (per mt)	2,199.0	0.98%
Gasoline (per gallon)	2.1336	2.84%			
Natural Gas (per MMBtu)	2.9960	1.94%			
			<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,315.0	1.67%
			Rubber (JPY/KG)	173.8	1.34%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,256.1	-0.30%			
Silver (per oz)	16.237	-0.58%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

**Equity and Commodity**

Index	Value	Net change
<b>DJIA</b>	24,117.59	-165.52
<b>S&amp;P</b>	2,699.63	-23.43
<b>Nasdaq</b>	7,445.09	-116.54
<b>Nikkei 225</b>	22,271.77	-70.23
<b>STI</b>	3,254.77	-26.10
<b>KLCI</b>	1,666.08	-9.78
<b>JCI</b>	5,787.55	-38.10
<b>Baltic Dry</b>	1,323.00	--
<b>VIX</b>	17.91	1.99

**Government Bond Yields (%)**

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.96 (-0.01)	2.50 (-0.03)
<b>5Y</b>	2.29 (-0.01)	2.70 (-0.05)
<b>10Y</b>	2.55 (-0.01)	2.83 (-0.05)
<b>15Y</b>	2.79 (-0.03)	--
<b>20Y</b>	2.83 (-0.05)	--
<b>30Y</b>	2.91 (-0.03)	2.97 (-0.06)

**Financial Spread (bps)**

	Value	Change
<b>LIBOR-OIS</b>	40.24	0.19
<b>EURIBOR-OIS</b>	3.65	0.20
<b>TED</b>	41.77	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>06/27/2018 06:45</b>	<b>NZ Trade Balance NZD</b>	<b>May</b>	<b>100m</b>	<b>294m</b>	<b>263m</b>	<b>193m</b>
06/27/2018 06:45	NZ Exports NZD	May	5.25b	5.42b	5.05b	4.96b
06/27/2018 06:45	NZ Imports NZD	May	5.10b	5.12b	4.79b	4.77b
<b>06/27/2018 09:00</b>	<b>NZ ANZ Business Confidence</b>	<b>Jun</b>	<b>--</b>	<b>-39</b>	<b>-27.2</b>	<b>--</b>
<b>06/27/2018 11:04</b>	<b>MU Unemployment Rate</b>	<b>May</b>	<b>--</b>	<b>1.80%</b>	<b>1.90%</b>	<b>--</b>
<b>06/27/2018 14:00</b>	<b>UK Nationwide House PX MoM</b>	<b>Jun</b>	<b>0.20%</b>	<b>0.50%</b>	<b>-0.20%</b>	<b>--</b>
<b>06/27/2018 14:00</b>	<b>UK Nationwide House Px NSA YoY</b>	<b>Jun</b>	<b>1.70%</b>	<b>2.00%</b>	<b>2.40%</b>	<b>--</b>
<b>06/27/2018 14:45</b>	<b>FR Consumer Confidence</b>	<b>Jun</b>	<b>100</b>	<b>97</b>	<b>100</b>	<b>99</b>
<b>06/27/2018 16:00</b>	<b>EC M3 Money Supply YoY</b>	<b>May</b>	<b>3.80%</b>	<b>4.00%</b>	<b>3.90%</b>	<b>3.80%</b>
<b>06/27/2018 16:00</b>	<b>IT Manufacturing Confidence</b>	<b>Jun</b>	<b>107</b>	<b>106.9</b>	<b>107.7</b>	<b>107.6</b>
<b>06/27/2018 16:00</b>	<b>IT Consumer Confidence Index</b>	<b>Jun</b>	<b>113.3</b>	<b>116.2</b>	<b>113.7</b>	<b>113.9</b>
06/27/2018 16:00	IT Economic Sentiment	Jun	--	105.4	104.7	104.6
06/27/2018 18:03	IT PPI MoM	May	--	1.00%	-0.70%	--
06/27/2018 18:04	IT PPI YoY	May	--	2.70%	1.40%	--
<b>06/27/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Jun-22</b>	<b>--</b>	<b>-4.90%</b>	<b>5.10%</b>	<b>--</b>
<b>06/27/2018 20:30</b>	<b>US Wholesale Inventories MoM</b>	<b>May P</b>	<b>0.20%</b>	<b>0.50%</b>	<b>0.10%</b>	<b>--</b>
<b>06/27/2018 20:30</b>	<b>US Durable Goods Orders</b>	<b>May P</b>	<b>-1.00%</b>	<b>-0.60%</b>	<b>-1.60%</b>	<b>-1.00%</b>
06/27/2018 20:30	US Durables Ex Transportation	May P	0.50%	-0.30%	0.90%	1.90%
06/27/2018 20:30	US Cap Goods Orders Nondef Ex Air	May P	0.50%	-0.20%	1.00%	2.30%
06/27/2018 20:30	US Cap Goods Ship Nondef Ex Air	May P	0.30%	-0.10%	0.90%	1.00%
<b>06/27/2018 22:00</b>	<b>US Pending Home Sales MoM</b>	<b>May</b>	<b>0.50%</b>	<b>-0.50%</b>	<b>-1.30%</b>	<b>--</b>
<b>06/28/2018 05:00</b>	<b>NZ RBNZ Official Cash Rate</b>	<b>Jun-28</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.75%</b>	<b>--</b>
06/28/2018 07:50	JN Japan Buying Foreign Bonds	Jun-22	--	--	¥1490.4b	--
06/28/2018 07:50	JN Foreign Buying Japan Bonds	Jun-22	--	--	¥85.6b	--
06/28/2018 07:50	JN Foreign Buying Japan Stocks	Jun-22	--	--	¥40.8b	--
06/28/2018 07:50	JN Retail Sales MoM	May P	-0.80%	--	1.40%	1.30%
06/28/2018 07:50	JN Retail Trade YoY	May	1.40%	--	1.60%	1.50%
06/28/2018 07:50	JN Dept. Store, Supermarket Sales	May	-1.00%	--	-0.80%	--
06/28/2018 10:00	SK Department Store Sales YoY	May	--	--	-0.20%	--
06/28/2018 10:00	SK Discount Store Sales YoY	May	--	--	-4.50%	--
06/28/2018 14:00	GE GfK Consumer Confidence	Jul	10.6	--	10.7	--
06/28/2018 16:30	GE CPI North Rhine Westphalia YoY	Jun	--	--	2.10%	--
06/28/2018 17:00	EC Economic Confidence	Jun	112	--	112.5	--
06/28/2018 17:00	EC Business Climate Indicator	Jun	1.4	--	1.45	--
06/28/2018 17:00	EC Industrial Confidence	Jun	6.5	--	6.8	--
<b>06/28/2018 17:00</b>	<b>EC Consumer Confidence</b>	<b>Jun F</b>	<b>-0.5</b>	<b>--</b>	<b>-0.5</b>	<b>--</b>
<b>06/28/2018 20:00</b>	<b>GE CPI YoY</b>	<b>Jun P</b>	<b>2.10%</b>	<b>--</b>	<b>2.20%</b>	<b>--</b>
<b>06/28/2018 20:00</b>	<b>GE CPI EU Harmonized YoY</b>	<b>Jun P</b>	<b>2.10%</b>	<b>--</b>	<b>2.20%</b>	<b>--</b>
<b>06/28/2018 20:30</b>	<b>US Initial Jobless Claims</b>	<b>Jun-23</b>	<b>220k</b>	<b>--</b>	<b>218k</b>	<b>--</b>
06/28/2018 20:30	US Continuing Claims	Jun-16	1717k	--	1723k	--
<b>06/28/2018 20:30</b>	<b>US GDP Annualized QoQ</b>	<b>1Q T</b>	<b>2.20%</b>	<b>--</b>	<b>2.20%</b>	<b>--</b>
06/28/2018 20:30	US Personal Consumption	1Q T	1.00%	--	1.00%	--
<b>06/28/2018 20:30</b>	<b>US GDP Price Index</b>	<b>1Q T</b>	<b>1.90%</b>	<b>--</b>	<b>1.90%</b>	<b>--</b>
06/28/2018 20:30	US Core PCE QoQ	1Q T	--	--	2.30%	--
06/28/2018 21:45	US Bloomberg Consumer Comfort	Jun-24	--	--	56.5	--
06/28/2018	MU Trade Balance	May	--	--	-5656m	--
06/28/2018	MU Exports YoY	May	--	--	30%	--

Source: Bloomberg

<b>OCBC Treasury Research</b>	
<p><b>Macro Research</b></p> <p><b>Selena Ling</b> LingSSSelena@ocbc.com</p> <p><b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com</p> <p><b>Tommy Xie Dongming</b> XieD@ocbc.com</p> <p><b>Barnabas Gan</b> BarnabasGan@ocbc.com</p> <p><b>Terence Wu</b> TerenceWu@ocbc.com</p> <p><b>Alan Lau</b> AlanLau@ocbc.com</p>	<p><b>Credit Research</b></p> <p><b>Andrew Wong</b> WongVKAM@ocbc.com</p> <p><b>Ezien Hoo</b> EzienHoo@ocbc.com</p> <p><b>Wong Hong Wei</b> WongHongWei@ocbc.com</p>

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