

## Highlights

<b>Global</b>	<p>Geopolitics and economic data may dominate market action today. The WSJ reported that US Special Counsel Mueller had impanelled a grand jury in the Russia probe weighed on the USD and the S&amp;P500 while UST bonds gained. Market players await the key nonfarm payrolls (NFP) and unemployment report later tonight, with consensus eyeing +180k (previously +222k) and 4.3% (-0.1% points) respectively. Meanwhile, the BOE kept its policy settings static as widely expected by a 6-2 vote (previously 6-3 vote) and trimmed growth forecasts to 1.7% for 2017 (previously 1.9%) and 1.6% in 2018 (previously 1.7%) whilst the 2019 forecast was unchanged at 1.8%. BOE governor Carney warned that “the assumption of a smooth transition to a new economic relationship with the EU will be tested”, suggesting a downside risk to the outlook. Gilts consequently rallied and the GBP slipped as hawks appeared more subdued for now. Note the Institute of Directors had suggested PM May to delay Brexit until a full trade deal has been brokered. Asian bourses may trade sideways today, awaiting RBA’s monetary policy statement this morning, followed by US NFP cues tonight. Today’s economic data calendar also comprises of Australia’s retail sales, Malaysia’s June trade data, German factory orders and Canada’s unemployment data.</p>
<b>US</b>	<p>US’ non-manufacturing ISM surprised by falling 3.5 points to 53.9 in July, the weakest since August 2016, dragged down by new orders and employment gauges, which fell to 55.1 and 53.6 from 60.5 and 55.8 respectively, and pointed to a potential 3Q softening. Initial jobless claims fell 5k to 240k, with the 4-week average at 241.75k.</p>
<b>SG</b>	<p>The Nikkei Singapore PMI improved from 50.7 in June to 51.3 in July, suggesting that the services momentum is also picking up. The output gauge rose from 52 in June to 52.7.</p>
<b>ID</b>	<p>The government is trying to boost realization of investment pledges. According to a Bloomberg report, only 27% of foreign investment pledges are realized due to permit, land acquisition and other issues.</p>
<b>Commodities</b>	<p>Overall gold demand had fallen in the first half of 2017, according to the World Gold Council. Specifically, 1H17 demand fell by 14%, led by lower ETF inflows and central bank net purchases, although gains in bar &amp; coin investment, jewellery demand and technology demand limited the fall. Elsewhere, WTI futures soared to as high as \$49.96/bbl on intraday trading yesterday before trending lower at the closing hour likely on profit-taking. In Asia, note that crude palm oil futures fell for its fourth consecutive trading day, with last night’s closing at MYR2,604/MT. <b>We continue to look for CPO to trend lower into the year as chance for weather extremities fades amid ample supplies in 2017.</b></p>

## Major Markets

- **US:** Equities ended mixed on Thursday, with the Dow marginally higher, but the S&P 500 and Nasdaq Composite slipping 0.22% and 0.35% respectively. Equities were pressured towards the end of the session by political news that Mueller is stepping up the Russian probe. Energy and materials stocks led losses, as crude failed to retake the US\$50 handle. VIX higher at 10.44, up 1.56%. Meanwhile, gains in US Treasuries were led by the long-end. 2y benchmark yields were lower by 2 bps to 1.34%, while 10y yields slumped 5 bps to 2.22%. Mueller news provided the underlying impetus to buy Treasuries as investors sought safety ahead of possible political uncertainty. Additional support were provided by the weakening USD and higher gilts following the BOE's monetary decision. Watch for non-farm payrolls and hourly earnings data later today for further indications of Fed's policy inclinations.
- **Singapore:** STI fell 0.18% to close at 3342.92 yesterday, but may range trade within a 3320-3350 range today amid mixed cues from Wall Street overnight. DBS reported 2Q net income rose 9% yoy at \$1.13b amid higher net interest income and lower allowances for bad debts. With UST bond yields rallying some 2-6bps led by the longer-dated tenors, SGS bonds may open firmer but mostly tread water today ahead of tonight's key US NFP report.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded mixed yesterday, with 1-year and 1.5-year tenors trading 1bps higher, and longer tenors trading 1bps lower. In the broader dollar space, the iTraxx Asia ex-Japan IG index closed at 80bps yesterday, trading little changed from the day before. 10y UST yields fell 5bps to 2.22%, after a report released by the Wall Street Journal stated that Special Counsel Robert Mueller, who is probing Russia's interference in the 2016 US elections, has impaneled a grand jury.
- **New Issues:** Vedanta Resources Plc has priced a USD1bn 7NC4 bond at 6.125%, tightening from initial guidance of 6.375%. The expected issue ratings are 'B+/B3/NR'. PT Gajah Tunggal Tbk has priced a USD250mn 5NC3 bond (guaranteed by PT Prima Sentra Megah) at 8.375%, tightening from initial guidance of 8.5%. The expected issue ratings are 'B-/Caa1/NR'. Canara Bank, acting through its London Branch has priced a USD400mn 5-year bond at CT5+150bps, tightening from initial guidance of CT5+175bps. The expected issue ratings are 'NR/Baa3/BBB-'. eHi Car Services Ltd has priced a USD400mn 5NC3 bond (guaranteed by certain of its subsidiaries outside the PRC) at 5.875%, tightening from initial guidance of 6.25%. The expected issue ratings are 'BB-/NR/BB-'. Gemstones International Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by LVGEM (China) Real Estate Investment Company Ltd) from 4 Aug. The expected issue ratings are 'NR/B3/B+'.
- **Rating Changes:** Vedanta Resources Plc has priced a USD1bn 7NC4 bond at 6.125%, tightening from initial guidance of 6.375%. The expected issue ratings are 'B+/B3/NR'. PT Gajah Tunggal Tbk has priced a USD250mn 5NC3 bond (guaranteed by PT Prima Sentra Megah) at 8.375%, tightening from initial guidance of 8.5%. The expected issue ratings are 'B-/Caa1/NR'. Canara Bank, acting through its London Branch has priced a USD400mn 5-year bond at CT5+150bps, tightening from initial guidance of CT5+175bps. The expected issue ratings are 'NR/Baa3/BBB-'. eHi Car Services Ltd has priced a USD400mn 5NC3 bond (guaranteed by certain of its subsidiaries outside the PRC) at 5.875%, tightening from initial guidance of 6.25%. The expected issue ratings are 'BB-/NR/BB-'. Gemstones International Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by LVGEM (China) Real Estate Investment Company Ltd) from 4 Aug. The expected issue ratings are 'NR/B3/B+'.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	92.839	0.00%	<b>USD-SGD</b>	1.3587	-0.01%
<b>USD-JPY</b>	110.050	-0.61%	<b>EUR-SGD</b>	1.6127	0.11%
<b>EUR-USD</b>	1.1870	0.12%	<b>JPY-SGD</b>	1.2349	0.59%
<b>AUD-USD</b>	0.7950	-0.23%	<b>GBP-SGD</b>	1.7851	-0.63%
<b>GBP-USD</b>	1.3138	-0.64%	<b>AUD-SGD</b>	1.0801	-0.23%
<b>USD-MYR</b>	4.2788	-0.16%	<b>NZD-SGD</b>	1.0103	0.02%
<b>USD-CNY</b>	6.7172	-0.07%	<b>CHF-SGD</b>	1.4029	0.25%
<b>USD-IDR</b>	13327	0.02%	<b>SGD-MYR</b>	3.1478	-0.14%
<b>USD-VND</b>	22736	0.06%	<b>SGD-CNY</b>	4.9434	-0.09%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3730	--	<b>O/N</b>	1.1772	--
<b>2M</b>	-0.3400	--	<b>1M</b>	1.2306	--
<b>3M</b>	-0.3310	--	<b>2M</b>	1.2578	--
<b>6M</b>	-0.2730	--	<b>3M</b>	1.3128	--
<b>9M</b>	-0.2090	--	<b>6M</b>	1.4517	--
<b>12M</b>	-0.1530	--	<b>12M</b>	1.7257	--

### Fed Rate Hike Probability

Meeting	Prob Hike	1-1.25	1.25-1.5	1.5-1.75	1.75 - 2.0
09/20/2017	5.6%	94.4%	5.6%	0.0%	0.0%
11/01/2017	8.3%	91.7%	8.2%	0.2%	0.0%
12/13/2017	37.4%	62.6%	34.7%	2.7%	0.1%
01/31/2018	38.0%	62.0%	34.9%	3.0%	0.1%
03/21/2018	56.1%	43.9%	42.9%	12.3%	0.9%
05/02/2018	56.9%	43.1%	42.9%	12.9%	1.1%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.03	-1.13%	Copper (per mt)	6,344.9	-0.23%
Brent (per barrel)	52.01	-0.67%	Nickel (per mt)	10,336.5	0.28%
Heating Oil (per gallon)	1.6389	-1.20%	Aluminium (per mt)	1,897.5	-0.50%
Gasoline (per gallon)	1.6319	-0.78%			
Natural Gas (per MMBtu)	2.8000	-0.39%			
			<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,604.0	-1.44%
			Rubber (JPY/KG)	201.9	0.45%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,274.4	-0.31%			
Silver (per oz)	16.630	-0.62%			

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

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	22,026.10	9.86
<b>S&amp;P</b>	2,472.16	-5.41
<b>Nasdaq</b>	6,340.34	-22.30
<b>Nikkei 225</b>	20,029.26	-50.78
<b>STI</b>	3,342.92	-5.88
<b>KLCI</b>	1,771.90	1.29
<b>JCI</b>	5,780.58	-43.67
<b>Baltic Dry</b>	993.00	--
<b>VIX</b>	10.44	0.16

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.24 (--)	1.34 (-0.02)
<b>5Y</b>	1.58 (--)	1.79 (-0.04)
<b>10Y</b>	2.14 (--)	2.22 (-0.05)
<b>15Y</b>	2.35 (--)	--
<b>20Y</b>	2.42 (+0.01)	--
<b>30Y</b>	2.49 (+0.01)	2.80 (-0.06)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	14.83	-0.01
<b>EURIBOR-OIS</b>	2.78	--
<b>TED</b>	24.70	--

### Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
08/03/2017	16:30	UK Official Reserves Changes	Jul	--	\$1273m	\$491m	--
08/03/2017	17:00	EC Retail Sales MoM	Jun	0.00%	0.50%	0.40%	--
08/03/2017	17:00	EC Retail Sales YoY	Jun	2.50%	3.10%	2.60%	2.40%
<b>08/03/2017</b>	<b>19:00</b>	<b>UK Bank of England Bank Rate</b>	<b>Aug-03</b>	<b>0.25%</b>	<b>0.25%</b>	<b>0.25%</b>	--
08/03/2017	19:00	UK BOE Asset Purchase Target	Aug	435b	435b	435b	--
<b>08/03/2017</b>	<b>20:30</b>	<b>US Initial Jobless Claims</b>	<b>Jul-29</b>	<b>243k</b>	<b>240k</b>	<b>244k</b>	<b>245k</b>
08/03/2017	20:30	US Continuing Claims	Jul-22	1958k	1968k	1964k	1965k
08/03/2017	21:45	US Bloomberg Consumer Comfort	Jul-30	--	49.6	48.6	--
08/03/2017	21:45	US Markit US Services PMI	Jul F	54.2	54.7	54.2	--
08/03/2017	21:45	US Markit US Composite PMI	Jul F	--	54.6	54.2	--
<b>08/03/2017</b>	<b>22:00</b>	<b>US ISM Non-Manf. Composite</b>	<b>Jul</b>	<b>56.9</b>	<b>53.9</b>	<b>57.4</b>	--
<b>08/03/2017</b>	<b>22:00</b>	<b>US Factory Orders</b>	<b>Jun</b>	<b>3.00%</b>	<b>3.00%</b>	<b>-0.80%</b>	<b>-0.30%</b>
<b>08/03/2017</b>	<b>22:00</b>	<b>US Durable Goods Orders</b>	<b>Jun F</b>	<b>0.00%</b>	<b>6.40%</b>	<b>6.50%</b>	--
08/03/2017	22:00	US Durables Ex Transportation	Jun F	--	0.10%	0.20%	--
08/03/2017	22:00	US Cap Goods Orders Nondef Ex Air	Jun F	--	0.00%	-0.10%	--
08/03/2017	22:00	US Cap Goods Ship Nondef Ex Air	Jun F	--	0.10%	0.20%	--
08/04/2017	08:00	JN Labor Cash Earnings YoY	Jun	0.50%	--	0.70%	0.60%
<b>08/04/2017</b>	<b>09:00</b>	<b>PH CPI YoY</b>	<b>Jul</b>	<b>2.80%</b>	--	<b>2.80%</b>	<b>2.80%</b>
08/04/2017	09:00	PH CPI NSA MoM	Jul	0.20%	--	0.10%	0.00%
<b>08/04/2017</b>	<b>09:30</b>	<b>AU Retail Sales MoM</b>	<b>Jun</b>	<b>0.20%</b>	--	<b>0.60%</b>	--
08/04/2017	12:00	MA Exports YoY	Jun	18.30%	--	32.50%	--
08/04/2017	12:00	MA Imports YoY	Jun	19.80%	--	30.40%	--
08/04/2017	12:00	MA Trade Balance MYR	Jun	5.70b	--	5.49b	--
<b>08/04/2017</b>	<b>14:00</b>	<b>GE Factory Orders MoM</b>	<b>Jun</b>	<b>0.50%</b>	--	<b>1.00%</b>	--
08/04/2017	14:00	GE Factory Orders WDA YoY	Jun	4.40%	--	3.70%	--
08/04/2017	15:30	GE Markit Germany Construction PMI	Jul	--	--	55.1	--
<b>08/04/2017</b>	<b>15:30</b>	<b>TH Foreign Reserves</b>	<b>Jul-28</b>	--	--	<b>\$186.6b</b>	<b>\$186.6b</b>
<b>08/04/2017</b>	<b>16:00</b>	<b>IT Retail Sales MoM</b>	<b>Jun</b>	<b>0.10%</b>	--	<b>-0.10%</b>	--
08/04/2017	16:00	IT Retail Sales YoY	Jun	--	--	1.00%	--
08/04/2017	16:10	GE Markit Germany Retail PMI	Jul	--	--	54.5	--
08/04/2017	16:10	EC Markit Eurozone Retail PMI	Jul	--	--	53.2	--
08/04/2017	16:10	FR Markit France Retail PMI	Jul	--	--	56.3	--
08/04/2017	16:10	IT Markit Italy Retail PMI	Jul	--	--	47.1	--
08/04/2017	16:20	TA Foreign Reserves	Jul	--	--	\$441.94b	--
08/04/2017	20:30	CA Int'l Merchandise Trade	Jun	-1.25b	--	-1.09b	--
<b>08/04/2017</b>	<b>20:30</b>	<b>US Change in Nonfarm Payrolls</b>	<b>Jul</b>	<b>180k</b>	--	<b>222k</b>	--
<b>08/04/2017</b>	<b>20:30</b>	<b>CA Net Change in Employment</b>	<b>Jul</b>	<b>12.5k</b>	--	<b>45.3k</b>	--
<b>08/04/2017</b>	<b>20:30</b>	<b>CA Unemployment Rate</b>	<b>Jul</b>	<b>6.50%</b>	--	<b>6.50%</b>	--
08/04/2017	20:30	US Change in Manufact. Payrolls	Jul	5k	--	1k	--
<b>08/04/2017</b>	<b>20:30</b>	<b>US Unemployment Rate</b>	<b>Jul</b>	<b>4.30%</b>	--	<b>4.40%</b>	--
<b>08/04/2017</b>	<b>20:30</b>	<b>US Trade Balance</b>	<b>Jun</b>	<b>-\$44.5b</b>	--	<b>-\$46.5b</b>	--

Source: Bloomberg

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