

Highlights

Global	<p>Global risk appetite is likely to be deterred somewhat by North Korea's latest weekend test of a hydrogen bomb which drew widespread condemnation and may overshadow the disappointing US' unemployment report on Friday. US president Trump has called North Korea's sixth and largest nuclear test "very hostile and dangerous" while Defense Secretary Mattis warned that the US has "many military options". The UN Security Council will have an emergency meeting today, even as the US markets are closed for a Labor Day weekend. Asian bourses may clearly feel the reverberations from North Korea's latest provocation this morning, but watch if market sentiments stabilises later. Today's economic data calendar is relatively quiet and comprises of Indonesia's August CPI, S'pore's manufacturing and electronics PMI. The focus this week will be central bank meetings including RBA (likely static at tomorrow, BOC (likely on hold at 0.75%) on Wednesday, and ECB (likely to refrain from prematurely rocking the boat by detailing exit plans) and BNM (likely static at 3%) on Thursday.</p>
US	<p>US' August nonfarm payrolls and unemployment data missed market expectations at +156k and 4.4% respectively, versus consensus forecast at +180k and 4.3% respectively, and the previous two months' estimates were subtracted by 41k. Manufacturing and construction added 36k and 28k respectively, with the labor force participation rate steady at 62.9% and average hourly earnings rising 0.1% mom mom (2.5% yoy). The average workweek also rose to 34.4 hours. The manufacturing ISM also improved 58.8 in August, the highest since March 2011. Meanwhile, the WSJ reported that president Trump is no longer demanding that the spending bill include a border wall funding. The House of Representatives plan to vote this week on Trump's request for Harvey relief funding.</p>
EZ	<p>The Eurozone's manufacturing PMI was 57.4, with German printing at 59.3 for August final readings.</p>
SG	<p>S'pore's bank loans growth moderated from 7.6% yoy (+0.4% mom) in June to 5.9% yoy (-0.5% mom) in July. This brought the average for the first seven months to 6.0% yoy, but marked the first on-month decline since September 2016. The moderation was mainly due to slower growth in business loans which also eased from 10.5% yoy (flat mom) in June to 7.4% yoy (-0.9% mom which is also the first monthly decline since January) in July. We had earlier anticipated bank loans growth to expand by 10% yoy in 3Q17 to bring full-year bank loans growth to 7.0% yoy. July is off to a somewhat slower start, but the August-December 2016 base is not too challenging at an average +0.5% yoy. Nevertheless, if total bank loans stagnates around the July print of \$632.6b, then full-year bank loans growth may fall short of our 7% yoy forecast to average around 5% yoy growth.</p>
CN	<p>How shall investors position themselves following the sixth nuclear test by North Korea on Sunday? We think RMB's upward trend is unlikely to be derailed for two reasons. First, as China is the world's second largest net creditor, which owned more than US\$1.73 trillion net assets as of March 2017, RMB may actually benefit from safe haven flows. Second, should North Korea situation worsen, the USD yield may fall due to risk aversion. The widening yield differential between China and US may also support RMB.</p>

Major Market

- **US:** US Stocks edged up higher amid poor U.S nonfarm payroll figures. Overall, the Dow printed moderately higher (+0.18%) to close 21987.6 while NASDAQ and S&P trended upwards likewise to close 6435.3 (+0.10%) and 2476.6 (+0.20%). U.S job growth delivered lower than expected gains (180,000 est. compared to 156,000 actual). U.S Treasury yields climbed their highest in the week to close 1.34% and 2.17% respectively following robust manufacturing data. The CBOE Volatility Index closed lower (-4.34%) to print 10.13, its lowest in 3 weeks.
- **Singapore:** Business loan momentum slowed for financial institutions (16.9% versus 32.0% yoy previously), transport/storage/comms (17.4% versus 19.1% yoy), general commerce (12.2% versus 20.9% yoy previously), whereas business services and building/construction loans both accelerated to 28.3% yoy (from 27.9%) and 2.0% yoy (from 1.7%) over the same period. Given that late June to early July was characterized by market volatility, especially in the global bond markets, as major central banks including the FOMC and ECB sounded more hawkish, this could have had a kneejerk impact on market sentiments. Thus it would be critical to see if the August bank loan prints stabilize. Consumer loans also accelerated marginally from 3.7% yoy (+0.9% mom) in June to 3.8% yoy (+0.2% mom) in July, as housing/bridging loans remained healthy (+4.1% yoy) while car and share financing loans also improved. This suggests that consumer confidence remains intact as the domestic labour market remains resilient so far.
- STI gained 0.37% to close at 3277.26 on Thursday, but may succumb to heightened North Korean peninsula tensions today, with support at 3240 and resistance at 3280. Similarly, flight to quality may drive SGS bonds higher today.
- **Korea:** The Bank of Korea left rates unchanged at 1.25% as widely expected. The central bank expects GDP and CPI growth to be in line with July's forecasts at 2.8% and 1.9%, respectively. Barring any further intensification of geopolitical risks, we keep our full-year growth outlook at 3.0%, slightly higher versus official outlook. Elsewhere, GDP printed 2.7% as widely expected, but inflation surprised starkly higher at 2.6% yoy in August, its fastest pace since 2012, on the back of higher fresh food prices (+18.3%).
- **Commodities:** US Texas refineries reported plans to resume production after Hurricane Harvey. Key names such as Total (power restored to Port Arthur refinery), Philips 66 (preparing to resume operations at Sweeny) and Magellan (resumed loadings at East Houston terminal) have sounded their efforts to make-up for lost time. Gasoline futures plunged quickly to \$1.705/gallon from almost \$2.20/gallon at end August. Crude oil futures gained as a response as well, with WTI and Brent at \$47.3/bbl and \$52.8/bbl, respectively. In precious metals, gold jumped 0.6% to \$1,330.4/oz as market-watchers reacted to North Korean development and testing of a hydrogen bomb.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened over Thursday, with swap rates trading 2bps higher across shorter tenors, and 1bps higher in the 7-year and 20-year tenors. The other tenors traded little changed. Markets in Singapore were closed on Friday for the Hari Raya Haji Holiday. On Thursday, the spread on JACI IG Corporates fell 2bps to 189bps, while the yield on JACI HY Corp fell 10bps to 6.81%.

On Friday, the spread on JACI IG Corporates rose 1bps to 190bps, while the yield on JACI HY Corp fell 1bps to 6.80%. 10y UST yields fell 1bps to 2.12% on Thursday after a weak inflation report and US housing data missed expectations. However, 10y USTs reverse its course and rose 5bps to 2.17% on Friday after ISM Manufacturing PMI data came in stronger than expected.

- **New Issues:** Sun Hung Kai & Co has priced a USD400mn 5-year bond at 4.65%, tightening from initial guidance of 4.85% area. KEB Hana Bank has priced a USD350mn bond at 3mL+87.5bps, tightening from initial guidance of 3mL+90bps area. The expected issue ratings are 'A+/NR/NR'. Mitsubishi UFJ Financial Group Inc has priced a EUR750mn bond at CT7+45bps, tightening from initial guidance of CT7+55 to CT7+60bps. The issue ratings are 'NR/A1/A'. Ayala Corp has scheduled investor meetings for potential USD Perp issuance from 4 Sep. HT Global IT Solutions Holdings Ltd has scheduled investor meetings for potential re-tap of its HTGLOB 7%'22s from 4 Sep. Weichai International Hong Kong Energy Group Co Ltd has scheduled investor meetings for potential USD Perp (guaranteed by Weichai Power Co Ltd) issuance from 4 Sep. The expected issue ratings are 'BBB-/NR/BBB'. PT Steel Pipe Industry of Indonesia Tbk has scheduled investor meetings for potential USD bond issuance from 4 Sep. The expected issue ratings are 'NR/B2/B'.
- **Rating Changes:** S&P has affirmed China Gold International Resources Corp Ltd's (CGI) 'BBB-' corporate credit rating and the rating on the notes that it guarantees, while revising the outlook to stable from negative. The rating action follows the same rating action on CGI's parent, China National Gold Group Corp (CNG). The rating action on CNG reflects S&P's expectation that the company's profit, cash flow and leverage ratios will improve over the next two years. S&P has assigned Weichai Power Co Ltd's (Weichai) proposed USD senior perpetual securities an issue rating of 'BBB-'. The issue rating is one notch lower than the corporate credit rating on Weichai due to potential distribution deferral risk on the notes. S&P has downgraded Quintis Ltd's (Quintis) corporate credit rating and the rating on its senior unsecured notes to 'D' from 'CCC-'. The rating action follows Quintis' failure to make an interest payment on its senior secured notes. Moody's has affirmed Ronshine China Holdings Limited's (Ronshine) 'B2' corporate family rating and 'B3' senior unsecured rating. The outlook has been revised to negative from stable. The rating action reflects Ronshine's increased level of refinancing risk, stemming from its escalating short-term debt and declining cash balances, as well as higher financing risk because of higher-than-expected debt leverage. Moody's has affirmed China Evergrande Group's (Evergrande) 'B2' corporate family rating and 'B3' rating on its senior unsecured notes. The outlook has been changed to positive from stable. The rating action follows Evergrande's announcement of its 1H2017 results and deleveraging plans. Moody's has downgraded the long-term senior unsecured debt and issuer ratings of Volkswagen Bank GmbH (VW Bank) by three notches to 'A3' from 'Aa3'. Similarly, Moody's has downgraded Volkswagen Financial Services Japan Ltd's and Volkswagen Financial Services Australia Pty Ltd's senior unsecured ratings to 'A3' from 'A2'. The outlook is negative. The rating action reflects the change in methodology that Moody's applies on VW Bank due to the reorganization of VW Bank's financial services operations. Moody's has affirmed Axiata Group Berhad's (Axiata) 'Baa2' issuer rating and the rating on its senior unsecured debt. The outlook is stable. The rating action reflects Axiata's diversified revenue sources, solid market positions and strong relationships with the government of Malaysia. However, Moody's expects Axiata's cash flows to be strained over the next one to two years, due to the company's progressive dividend payout policy and elevated capital expenditure. Moody's has affirmed Mapletree Logistics Trust's (MLT) 'Baa1' issuer

rating and the 'Baa3' rating on its subordinated securities, while upgrading the outlook to stable from negative. The rating action reflects Moody's expectation that MLT's credit profile will improve following the equity-funded acquisition of its new logistic property in Hong Kong, as well as a further reduction of debt through the application of the proceeds from the sale of assets. Moody's has assigned Tunas Baru Lampung Tbk (P.T.) (TBLA) a corporate family rating of 'Ba3'. The outlook is stable. The rating action reflects the dual-commodity business model of TBLA, which are underpinned by favorable long-term, domestic demand fundamentals. However, the ratings are constrained by TBLA's small scale of operations, exposure to cyclical crude palm oil prices, and uncertainties on securing the import quotas for raw sugar from Indonesia's trade ministry. Fitch has downgraded Global A&T Electronics Ltd's (GATE) issuer default rating to 'C' from 'CC' following GATE's announcement that it is unable to pay the coupon on its notes. Fitch has affirmed Ergon Energy Queensland Pty Ltd's (EEQ) issuer default rating and ratings and senior unsecured rating at 'AA'. The outlook has been revised to positive from stable. The rating action follows Fitch's revision of the outlook on the State of Queensland's 'AA' issuer default rating. Fitch has assigned PT Steel Pipe Industry of Indonesia Tbk (Spindo) an issuer default rating of 'B'. The outlook is stable. The rating action reflects Spindo's small scale and lack of vertical integration compared to other steel product manufacturers globally. Similarly, S&P has assigned Spindo an issuer rating of 'B' (outlook stable), while Moody's has assigned Spindo a corporate family rating of 'B2' (outlook stable). Fitch has assigned Mitsubishi UFJ Financial Group Inc's (MUFG) senior unsecured notes a rating of 'A'. The rating action reflects MUFG's sound domestic franchises, solid liquidity profiles in yen, sound asset quality, adequate capital positions, and modest profitability. Fitch has affirmed Stanwell Corporation Limited's (Stanwell) 'AA' issuer default rating. The outlook has been revised to positive from stable. The rating action follows Fitch's revision for the State of Queensland to Positive from Stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	92.814	0.16%	USD-SGD	1.3570	0.08%
USD-JPY	110.250	0.25%	EUR-SGD	1.6087	-0.38%
EUR-USD	1.1860	-0.42%	JPY-SGD	1.2318	-0.08%
AUD-USD	0.7975	0.35%	GBP-SGD	1.7559	0.15%
GBP-USD	1.2951	0.16%	AUD-SGD	1.0793	0.18%
USD-MYR	4.2710	--	NZD-SGD	0.9719	-0.12%
USD-CNY	6.5584	-0.48%	CHF-SGD	1.4066	-0.53%
USD-IDR	13318	-0.18%	SGD-MYR	3.1477	0.10%
USD-VND	22732	0.02%	SGD-CNY	4.8332	-0.41%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1772	0.0017
2M	-0.3390	--	1M	1.2306	-0.0011
3M	-0.3290	--	2M	1.2739	-0.0017
6M	-0.2730	--	3M	1.3161	-0.0017
9M	-0.2130	--	6M	1.4533	-0.0006
12M	-0.1610	--	12M	1.7118	-0.0017

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	0.6%	99.4%	0.6%	0.0%	0.0%
11/01/2017	1.4%	98.6%	1.4%	0.0%	0.0%
12/13/2017	34.5%	65.5%	34.1%	0.5%	0.0%
01/31/2018	34.1%	65.1%	33.7%	0.5%	0.0%
03/21/2018	49.2%	50.3%	40.9%	8.1%	0.1%
05/02/2018	49.0%	50.2%	40.8%	8.1%	0.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.29	0.13%	Copper (per mt)	6,874.0	0.63%
Brent (per barrel)	52.75	0.71%	Nickel (per mt)	11,985.8	1.99%
Heating Oil (per gallon)	1.7468	-0.61%	Aluminium (per mt)	2,121.8	0.88%
Gasoline (per gallon)	1.7479	-18.32%			
Natural Gas (per MMBtu)	3.0700	0.99%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,706.0	--
			Rubber (JPY/KG)	218.4	-0.09%
Precious Metals	Futures	% chg			
Gold (per oz)	1,330.4	0.62%			
Silver (per oz)	17.816	1.37%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,987.56	39.46
S&P	2,476.55	4.90
Nasdaq	6,435.33	6.67
Nikkei 225	19,691.47	45.23
STI	3,277.26	--
KLCI	1,773.16	--
JCI	5,864.06	--
Baltic Dry	1,183.00	-1.00
VIX	10.13	-0.46

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.28 (-)	1.34 (+0.02)
5Y	1.56 (-)	1.74 (+0.04)
10Y	2.09 (-)	2.17 (+0.05)
15Y	2.37 (-)	--
20Y	2.35 (-)	--
30Y	2.41 (-)	2.78 (+0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.53	0.26
EURIBOR-OIS	2.88	-0.02
TED	31.63	-1.44

CFTC Commodity Positioning Update

For the week ended: 29 Aug 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	246,439	215,452	30,987	Nymex Crude	428,320	499,126	-70,806
Cotton	45,910	34,767	11,143	Corn	-1,572	39,448	-41,020
Silver	52,305	43,862	8,443	Lean Hogs	64,299	74,691	-10,392
Heating Oil	30,720	25,022	5,698	Soybean	-20,413	-10,878	-9,535
Sugar	-72,638	-77,495	4,857	Coffee	-18,147	-10,570	-7,577
RBOB Gasoline	68,779	64,543	4,236	Live Cattle	103,113	109,552	-6,439
Platinum	36,468	32,259	4,209	Wheat	-46,905	-42,493	-4,412
Copper	43,133	40,490	2,643	Natural Gas	-44,913	-43,934	-979
Cocoa	-35,007	-37,083	2,076	Palladium	22,744	22,489	255

Source: Bloomberg

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/01/2017 07:00	SK GDP YoY	2Q F	2.70%	2.70%	2.70%	--
09/01/2017 07:00	SK CPI YoY	Aug	2.20%	2.60%	2.20%	--
09/01/2017 07:50	JN Capital Spending YoY	2Q	7.90%	1.50%	4.50%	--
09/01/2017 08:00	SK Exports YoY	Aug	15.80%	17.40%	19.50%	--
09/01/2017 08:00	SK Imports YoY	Aug	16.00%	14.20%	14.50%	15.50%
09/01/2017 08:30	VN Nikkei Vietnam PMI Mfg	Aug	--	51.8	51.7	--
09/01/2017 08:30	JN Nikkei Japan PMI Mfg	Aug F	--	52.2	52.8	--
09/01/2017 08:30	SK Nikkei South Korea PMI Mfg	Aug	--	49.9	49.1	--
09/01/2017 08:30	TA Nikkei Taiwan PMI Mfg	Aug	--	54.3	53.6	--
09/01/2017 09:45	CH Caixin China PMI Mfg	Aug	51	51.6	51.1	--
09/01/2017 11:30	TH CPI YoY	Aug	0.38%	0.32%	0.17%	--
09/01/2017 11:30	TH CPI Core YoY	Aug	0.50%	0.46%	0.48%	--
09/01/2017 13:00	IN Nikkei India PMI Mfg	Aug	--	51.2	47.9	--
09/01/2017 13:00	JN Vehicle Sales YoY	Aug	--	4.70%	-1.10%	--
09/01/2017 14:30	AU Commodity Index AUD	Aug	--	120.2	114.4	119
09/01/2017 14:30	AU Commodity Index SDR YoY	Aug	--	20.10%	17.10%	21.70%
09/01/2017 15:30	TH Foreign Reserves	Aug-25	--	\$195.0b	\$192.9b	--
09/01/2017 15:45	IT Markit/ADACI Italy Mfng PMI	Aug	55.3	56.3	55.1	--
09/01/2017 15:50	FR Markit France Manufacturing PMI	Aug F	55.8	55.8	55.8	--
09/01/2017 15:55	GE Markit/BME Ger Mfng PMI	Aug F	59.4	59.3	59.4	--
09/01/2017 16:00	IT GDP WDA YoY	2Q F	1.50%	1.50%	1.50%	--
09/01/2017 16:00	EC Markit Eurozone Mfng PMI	Aug F	57.4	57.4	57.4	--
09/01/2017 16:30	UK Markit UK PMI Manufacturing SA	Aug	55	56.9	55.1	55.3
09/01/2017 20:30	US Change in Nonfarm Payrolls	Aug	180k	156k	209k	189k
09/01/2017 20:30	US Change in Manufact. Payrolls	Aug	8k	36k	16k	26k
09/01/2017 20:30	US Unemployment Rate	Aug	4.30%	4.40%	4.30%	--
09/01/2017 21:30	CA Markit Canada Manufacturing PMI	Aug	--	54.6	55.5	--
09/01/2017 21:45	US Markit US Manufacturing PMI	Aug F	52.5	52.8	52.5	--
09/01/2017 22:00	US ISM Manufacturing	Aug	56.5	58.8	56.3	--
09/01/2017 22:00	US U. of Mich. Sentiment	Aug F	97.5	96.8	97.6	--
09/01/2017 22:00	US Construction Spending MoM	Jul	0.50%	-0.60%	-1.30%	-1.40%
09/04/2017 07:50	JN Monetary Base YoY	Aug	15.70%	--	15.60%	--
09/04/2017 08:30	MA Nikkei Malaysia PMI	Aug	--	--	48.3	--
09/04/2017 08:30	ID Nikkei Indonesia PMI Mfg	Aug	--	--	48.6	--
09/04/2017 09:00	AU Melbourne Institute Inflation MoM	Aug	--	--	0.10%	--
09/04/2017 09:00	AU Melbourne Institute Inflation YoY	Aug	--	--	2.70%	--
09/04/2017 09:30	AU Inventories SA QoQ	2Q	0.30%	--	1.20%	--
09/04/2017 09:30	AU Company Operating Profit QoQ	2Q	-4.00%	--	6.00%	--
09/04/2017 09:30	AU ANZ Job Advertisements MoM	Aug	--	--	1.50%	--
09/04/2017 12:00	ID CPI Core YoY	Aug	3.00%	--	3.05%	--
09/04/2017 12:00	ID CPI YoY	Aug	3.98%	--	3.88%	--
09/04/2017 12:00	ID CPI NSA MoM	Aug	0.05%	--	0.22%	--
09/04/2017 16:30	UK Markit/CIPS UK Construction PMI	Aug	52	--	51.9	--
09/04/2017 16:30	EC Sentix Investor Confidence	Sep	27	--	27.7	--
09/04/2017 17:00	EC PPI YoY	Jul	2.10%	--	2.50%	--
09/04/2017 21:00	SI Purchasing Managers Index	Aug	51.2	--	51	--
09/04/2017 21:00	SI Electronics Sector Index	Aug	--	--	52.2	--

Source: Bloomberg

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