

Highlights

Global	<p>S&P continued to eke out fresh highs but the USD strength petered out as investors await fresh clues from Fedspeak (with Yellen on tap) as well as the ADP employment data which would be a precursor to Friday's nonfarm payrolls number. RBA had kept its OCR unchanged at 1.5% yesterday as widely anticipated, with RBA governor Lowe maintaining a neutral stance ("non-mining business investment is picking up" and "a consolidation of this trend would be a welcome development", but "wage growth remains low" and "is likely to continue for a while yet") which disappointed market hawks again. Meanwhile, Spanish king Felipe VI said Catalan leaders have shown an "unacceptable disloyalty towards the power of the state".</p> <p>Asian bourses may take a breather today and await the RBI policy decision where market consensus is for no change. The economic data calendar comprises US' non-manufacturing ISM and a slew of services and composite PMIs from US, Europe and Asia.</p>
US	The Trump administration is seeking Congress' approval for US\$29b of disaster aid and national flood insurance for hurricane recovery efforts.
SG	The STI declined 0.49% to close at 3246.0 yesterday and may range trade today awaiting fresh market cues. STI's support and resistance are tipped at 3220 and 3250 respectively. As the UST bond market rallied by around 2bps overnight, SGS bonds may also extend gains today.
HK	Retail sales growth slowed down to 2.7% yoy with visitor arrivals decreasing by 1.2% yoy in August. Sales of jewelry, watches and other luxurious goods increased robustly for the second consecutive month by 7.3% yoy, probably due to low base effect. Meanwhile, sales growth (-1.4% yoy) of clothing, footwear and allied products returned to negative territory. As inbound tourism activities has been recovering at a modest pace, tourist spending failed to buoy a faster rebound in the retail sector. On the other hand, sales of consumer durable goods edged up at the strongest pace since October 2015 by 4.4% yoy. Increased demand for durable goods may be attributed to upbeat domestic consumer sentiment on the back of a solid labor market and higher wealth effect. However, local households still tend to spend more when travelling overseas or shop at overseas online stores. All in all, we expect retail sales growth to remain muted in the rest of 2017 given a dissipating low base effect.
ID	Finance Minister Sri Mulyani noted that the government will aim to keep inflation low and stable, so that it will not become an excuse for the Bank Indonesia to hike rates in the future. Furthermore, the government will also closely monitor the transmission mechanism for monetary policy, in expectation that banks lower their lending rates in line with the policy rate.
TH	Thailand plans over THB340bn of Public-Private investment in FY2018, according to the State Enterprise Policy office. Some projects include high-speed train link for Suvarnabhumi, U-Tapao and Don Muang Airports.
CMD	Crude oil prices were flattish, as investors look forward to US energy inventories later tonight, although American Petroleum Institute indicated that US gasoline stocks rose by 4.91 million barrels last week.

Major Market

- **US:** Driven by car-makers and airlines, equities continue to push higher on Tuesday. The Dow again led gains, advancing 0.37%, while the S&P 500 and Nasdaq Composite followed up with gains of 0.22% and 0.23% respectively. However, air is rarer at the top, as trade volumes progressively thinned over the last few sessions. VIX stands at 9.51, marginally higher than 9.45 previously. Watch for employment data coming out over the next few sessions, which should continue to show a positive view of the US economy after stripping out the temporary effect of the hurricanes.
- US Treasury yields were pushed lower overnight after gaining in the Asian timezone. 2y and 10y benchmark yields eventually closed softer by 1-2 bps at 1.47% and 2.32%. Market chatter now places Powell as another likely candidate for next Fed Chair, apart from Warsh. Although he remained uncommitted, Powell's upcoming speech on Thursday will be closely watched.
- **Macau:** Gross gaming revenue (GGR) grew for the 14th consecutive month by 16.1% yoy to MOP 21.36 billion in September. The growth rate surprised to the upside but was still much slower than the 20.4% gain in the preceding month. On a positive note, media reported that hotels have been nearly fully booked during the golden week holiday even with higher room rates. This indicates that tourism activities are set to rebound after the two typhoons, which will in turn boost mass-market segment of the gambling centers. On the other hand, high-roller gamblers might have postponed their trip to Macau till the golden week amid bad weather in late August. Besides, credit extensions offered by junket operators would have continued to underpin VIP demand. Therefore, we expect gaming revenue to rebound notably on a monthly basis in October. However, the year-on-year growth rate of GGR is more likely to slow down gradually as the low base effect dissipates. For 2017, we expect GGR growth to mark around 15% yoy and GDP growth to print around 8%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-3bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corp traded little changed at 183bps, while the yield on JACI HY Corp rose 2bps to 2.88%. 10Y UST yields fell 2bps to 2.32%, with the fall in yields coinciding with a Politico report that stated Treasury Secretary Mnuchin favors Jerome Powell as next Fed chair.
- **New Issues:** Puma International Financing SA has priced a USD600mn 7-year bond (guaranteed by Puma Energy Holdings Pte Ltd) at 5.125%, widening from initial guidance of 5% area. The expected issue ratings are 'NR/Ba2/BB'.
- **Rating Changes:** S&P has affirmed Toshiba Corp's (Toshiba) 'CCC-' corporate credit rating. The outlook is negative. S&P has removed the ratings from Creditwatch negative, in place since December 2016 as the company might recognize massive losses relating to its US nuclear business. At the same time, S&P upgraded Toshiba' senior unsecured rating to 'CCC-' from 'CC' after S&P published a revised version of their issue rating criteria. The removal of the ratings watch reflects S&P's view that the risk of a rapid surge of pressure on the rating is less likely, after Toshiba agreed to sell its memory chip business, and the possibility of additional losses and financial burden pertaining to the US nuclear power business has lowered. S&P has affirmed Origin Energy Ltd's (Origin) 'BBB-' long-term corporate credit rating and rating on its unsecured debt, and

'BB' rating on the subordinated debt issued by Origin Energy Finance Ltd. The outlook has been revised to positive from stable. The rating action reflects S&P's expectation that Origin's financial metrics should sustain at levels strong for the current rating following the agreement to sell its conventional upstream gas business and subsequent paydown of debt. Moody's has affirmed the long-term deposit rating of HSBC Bank (China) Company Limited (HSBC China) at 'A1', and that of Hang Seng Bank (China) Limited (Hang Seng China) at 'A2'. At the same time, Moody's has upgraded HSBC China's baseline credit assessment (BCA) to 'Baa2' from 'Baa3', while affirming Hang Seng China's BCA at 'Ba1', adjusted BCA at 'A2', and HSBC China's adjusted BCA at 'A1'. The outlook has been revised to stable from negative. The ratings were affirmed despite the downgrade on the HSBC China and Hang Seng Bank China's parents, The Hongkong and Shanghai Banking Corp Ltd and Hang Seng Bank Limited respectively. The rating action on HSBC China reflects its sound asset quality, robust funding, strong capitalization and strained profitability, while the rating action on Hang Seng China takes into account its weak profitability, strained asset quality, high concentration to large borrowers and strong capitalization.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.569	0.01%	USD-SGD	1.3621	0.04%
USD-JPY	112.850	0.07%	EUR-SGD	1.5995	0.12%
EUR-USD	1.1744	0.09%	JPY-SGD	1.2069	-0.05%
AUD-USD	0.7836	0.11%	GBP-SGD	1.8028	-0.26%
GBP-USD	1.3237	-0.29%	AUD-SGD	1.0671	0.13%
USD-MYR	4.2370	0.06%	NZD-SGD	0.9752	-0.46%
USD-CNY	6.6528	--	CHF-SGD	1.3989	0.15%
USD-IDR	13542	0.01%	SGD-MYR	3.1069	-0.09%
USD-VND	22726	-0.02%	SGD-CNY	4.8867	0.01%

Equity and Commodity

Index	Value	Net change
DJIA	22,641.67	84.07
S&P	2,534.58	5.46
Nasdaq	6,531.71	15.00
Nikkei 225	20,614.07	213.29
STI	3,246.08	-16.02
KLCI	1,759.67	4.89
JCI	5,939.45	25.42
Baltic Dry	1,328.00	--
VIX	9.51	0.06

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1800	--
2M	-0.3400	--	1M	1.2333	--
3M	-0.3290	--	2M	1.2694	--
6M	-0.2720	--	3M	1.3356	--
9M	-0.2190	--	6M	1.5093	--
12M	-0.1720	--	12M	1.7907	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.33 (-0.02)	1.47 (-0.01)
5Y	1.65 (-0.03)	1.92 (-0.02)
10Y	2.17 (-0.02)	2.32 (-0.02)
15Y	2.46 (-0.02)	--
20Y	2.45 (-0.02)	--
30Y	2.53 (-0.02)	2.86 (-0.01)

Fed Rate Hike Probability

Meeting	Prob Hike	1.25 - 1.5	1.5 - 1.75	1.75 - 2.0	2.0 - 2.25
11/01/2017	0.3%	0.3%	0.0%	0.0%	0.0%
12/13/2017	66.4%	66.3%	0.2%	0.0%	0.0%
01/31/2018	67.4%	65.3%	2.1%	0.0%	0.0%
03/21/2018	80.0%	52.7%	26.5%	0.8%	0.0%
05/02/2018	80.3%	52.1%	26.9%	1.2%	0.0%
06/13/2018	86.2%	42.5%	34.4%	8.9%	0.4%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.91	-0.12
EURIBOR-OIS	2.73	0.63
TED	30.00	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	50.53	-0.10%	Copper (per mt)	6,533.4	0.27%
Brent (per barrel)	56.00	-0.21%	Nickel (per mt)	10,549.0	2.22%
Heating Oil (per gallon)	1.7505	-0.91%	Aluminium (per mt)	2,116.3	1.46%
Gasoline (per gallon)	1.5548	-0.03%			
Natural Gas (per MMBtu)	2.8950	-0.72%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,666.0	--
			Rubber (JPY/KG)	205.8	1.68%
Precious Metals	Futures	% chg			
Gold (per oz)	1,274.6	-0.09%			
Silver (per oz)	16.650	-0.02%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
10/03/2017 07:50	JN	Monetary Base YoY	Sep	16.70%	15.60%	16.30%	--
10/03/2017 08:00	AU	HIA New Home Sales MoM	Aug	--	9.10%	-3.70%	-15.40%
10/03/2017 08:30	AU	ANZ Job Advertisements MoM	Sep	--	0.00%	2.00%	1.70%
10/03/2017 08:30	AU	Building Approvals MoM	Aug	1.00%	0.40%	-1.70%	-1.20%
10/03/2017 08:30	AU	Building Approvals YoY	Aug	-17.20%	-15.50%	-13.90%	-12.60%
10/03/2017 11:30	AU	RBA Cash Rate Target	Oct-03	1.50%	1.50%	1.50%	--
10/03/2017 13:00	IN	Nikkei India PMI Mfg	Sep	--	51.2	51.2	--
10/03/2017 13:30	AU	Commodity Index AUD	Sep	--	120.8	120.2	120.8
10/03/2017 13:30	AU	Commodity Index SDR YoY	Sep	--	18.30%	20.10%	20.80%
10/03/2017 16:30	UK	Markit/CIPS UK Construction PMI	Sep	51.1	48.1	51.1	--
10/03/2017 16:30	HK	Retail Sales Value YoY	Aug	3.50%	2.70%	4.00%	--
10/03/2017 16:30	HK	Retail Sales Volume YoY	Aug	4.30%	3.20%	4.60%	4.50%
10/03/2017 17:00	EC	PPI MoM	Aug	0.10%	0.30%	0.00%	--
10/03/2017 17:00	EC	PPI YoY	Aug	2.30%	2.50%	2.00%	--
10/04/2017 00:00	NZ	QV House Prices YoY	Sep	--	4.30%	4.80%	--
10/04/2017 08:00	NZ	ANZ Commodity Price	Sep	--	--	-0.80%	--
10/04/2017 08:30	JN	Nikkei Japan PMI Services	Sep	--	--	51.6	--
10/04/2017 08:30	JN	Nikkei Japan PMI Composite	Sep	--	--	51.9	--
10/04/2017 15:45	IT	Markit/ADACI Italy Services PMI	Sep	55	--	55.1	--
10/04/2017 15:45	IT	Markit/ADACI Italy Composite PMI	Sep	55.9	--	55.8	--
10/04/2017 15:50	FR	Markit France Services PMI	Sep F	57.1	--	57.1	--
10/04/2017 15:50	FR	Markit France Composite PMI	Sep F	57.2	--	57.2	--
10/04/2017 15:55	GE	Markit Germany Services PMI	Sep F	55.6	--	55.6	--
10/04/2017 15:55	GE	Germany Composite PMI	Sep F	57.8	--	57.8	--
10/04/2017 16:00	SI	Automobile COE Open Bid Cat A	Oct-04	--	--	42902	--
10/04/2017 16:00	SI	Automobile COE Open Bid Cat B	Oct-04	--	--	49189	--
10/04/2017 16:00	EC	Markit Eurozone Services PMI	Sep F	55.6	--	55.6	--
10/04/2017 16:00	EC	Markit Eurozone Composite PMI	Sep F	56.7	--	56.7	--
10/04/2017 16:30	UK	Markit/CIPS UK Services PMI	Sep	53.2	--	53.2	--
10/04/2017 16:30	UK	Markit/CIPS UK Composite PMI	Sep	53.8	--	54	--
10/04/2017 17:00	EC	Retail Sales MoM	Aug	0.30%	--	-0.30%	--
10/04/2017 17:00	EC	Retail Sales YoY	Aug	2.60%	--	2.60%	--
10/04/2017 17:00	IN	RBI Repurchase Rate	Oct-04	6.00%	--	6.00%	--
10/04/2017 17:00	IN	RBI Reverse Repo Rate	Oct-04	5.75%	--	5.75%	--
10/04/2017 17:00	IN	RBI Cash Reserve Ratio	Oct-04	4.00%	--	4.00%	--
10/04/2017 19:00	US	MBA Mortgage Applications	Sep-29	--	--	-0.50%	--
10/04/2017 20:15	US	ADP Employment Change	Sep	135k	--	237k	--
10/04/2017 21:45	US	Markit US Services PMI	Sep F	55.1	--	55.1	--
10/04/2017 21:45	US	Markit US Composite PMI	Sep F	--	--	54.6	--
10/04/2017 22:00	US	ISM Non-Manf. Composite	Sep	55.5	--	55.3	--
10/03/2017 10/04	US	Wards Total Vehicle Sales	Sep	17.15m	18.47m	16.03m	--

Source: Bloomberg

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