

Highlights

Global	<p>Two key events caught market by surprise – first Bank of Canada unexpectedly hiked rates again by 25bps to 1% after earlier initiating a hike in July, while US president Trump reached a deal with Democrats to extend the US debt limit by 3 months to 15 December. If the latter is passed by Congress, this would avert a government default and/or shutdown and provide aid to Hurricane Harvey victims. This prompted UST bond yields to back up with the 10-year at 2.10% (with traders shifting attention from T-bills maturing in October to December) and Wall Street to rally as risk aversion eased. Meanwhile, Fed Vice Chair Stanley Fischer has announced his resignation in mid-October for personal reasons.</p> <p>Asian bourses may continue to trade with a firmer tone today. Key would be the ECB policy meeting today, where market players are primed for no change to policy settings but any hints of Draghi's intentions on tapering its bond-buying program will be closely scrutinised, together with any revisions to growth and inflation expectations. BNM and Riksbank are also meeting but are widely anticipated to be static. The economic data calendar comprises of US' initial jobless claims, Eurozone's final 2Q17 GDP print, German industrial production and Australia's July retail sales and trade balance. Speakers include Fed's Mester, Dudley and George.</p>
US	<p>US' non-manufacturing ISM rebounded to 55.3 in August, while the July trade deficit widened less than tipped to US\$43.7b on higher aircraft exports. The Fed's Beige Book described growth as "modest to moderate", as "consumer spending increased in most districts" with "reports of worker shortages in numerous industries, most notably in manufacturing and construction".</p>
EZ	<p>German factory orders unexpectedly declined 0.7% mom (+5.0% yoy) in July, ahead of German elections on 24 September (where recent polls favour Merkel) and as EUR strength weighs, albeit orders excluding bulk rose 0.6%.</p>
AU	<p>Australia's 2Q GDP growth disappointed market forecasts at 0.8% qoq sa (+1.8% yoy) amid improved government and household spending.</p>
SG	<p>Singapore's whole economy PMI surged from 51.3 in July to 53.2 in August, the highest since January 2015 and also marked the 16th consecutive month of expansion. This suggested that a broadening growth base could see the Singapore economy potentially surprising on the upside for the rest of 2017. The output gauge rose from 52.7 to 55.5 (highest since November 2016) amid higher new orders and signs that domestic demand was pulling ahead of overseas demand, especially for industries like industrial metals, transport services and the improving resale housing market. Business confidence for the 12-months ahead hit a near-1.5 year high, and purchasing activity has picked up accordingly. Still, employment levels fell for the third straight month in August amidst reduced hiring of part-time staff which in turn contributed to rising backlogs of work. Nonetheless, higher input price inflation coupled with rising wages did not deter firms from giving promotional price discounts to bolster sales, and this likely implies margin compression. Output prices actually fell for the first time since June 2016.</p>

Major Market

- **US:** Equities recovered from Tuesday's slump on strong trading activity, with major indices marking gains as the news of debt ceiling deal filtered through. S&P 500 gained 0.31%, while the Dow and Nasdaq Composite added 0.25% and 0.28% respectively. Gains were led by energy stocks, which were given a boost from rising crude prices. Insurance companies, which took a heavy hit on Hurricane Irma news yesterday, also recovered. Continue to keep an eye on insurance companies and cruise liners, which may see the most impact if Irma hits Florida over the weekend. VIX came off, standing at 11.63, compared to 12.23 previously.
- Meanwhile, Treasuries were also sold off on debt ceiling news. 10y benchmark yields recovered 4 bps to 2.10%, in sharp contrast to the declines on Tuesday. 2y yields are also higher at 1.30%. Investors may be relieved with the debt ceiling deal going through, especially with Trump siding with Democrats on this instance. However, it remains to be seen if this represents a breakthrough in terms of the political deadlock that has hampered the policy agenda of the Trump administration.
- **Singapore:** STI reversed direction and slipped 0.58% to close at 3232.47 yesterday, but may again rebound amid improved market optimism and positive cues from Wall Street and morning gains in Nikkei and Kospi. With the UST bond yield curve backing up some 4bps overnight, SGS bonds may similarly come under some selling pressure as well.
- **Indonesia:** Indonesian Finance Ministry is exploring the possibility of issuing offshore IDR-denominated government bonds to attract the global investors searching for yield. IDR-denominated bonds have been popular this year, with yields much higher than regional peers and the currency stable.
- **Malaysia:** Foreign reserves rose to \$100.5bn (or MYR431.7bn) as of 30th August. The reserves is said to be sufficient to finance 7.8 months of retained imports. Elsewhere, Malaysia's export growth surprised higher with an encouraging 30.9% yoy while imports grew 21.8% yoy in tandem.
- **Commodities:** Crude oil prices ended at their four-week high, following reports that about half of the shuttered refining capacity affected by Hurricane Harvey will likely be up and running before the end of this week. Still, market-watchers will likely eye closely on Hurricane Irma (and Hurricane Jose which is seen to be following closely behind) projected landfall into Florida into the weekend. Unlike the Texas Gulf, Florida is not a major crude oil or natural gas producer, but is a major consumer of energy: Florida is one of the largest producers of electricity in the US, second only to Texas. Thus, Hurricane Irma's possible landfall into Florida could significantly dent petroleum and natural gas demand.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened sharply yesterday, with swap rates trading 6-8bps lower across most tenors. In the broader dollar space, the spread on JACI IG Corp rose 2bps to 192bps, while the yield on JACI HY Corp fell 2bps to 6.79%. 10Y UST yields rose 4bps to 2.10% after reports of President Trump working with Democrats to agree on an interim 3-month debt-limit extension sparked a reversal in safe haven flows.
- **New Issues:** Sinopec Group Overseas Development (2017) Ltd has priced a four-tranche deal (guaranteed by China Petroleum Corp), with the USD700mn 3-year bond priced at CT3+87.5bps, tightening from CT3+105bps; the USD1.4bn 5-year bond priced at CT5+97.5bps, tightening from initial guidance of CT5+125bps; the USD750mn 10-year bond priced at CT10+120bps, tightening from initial guidance of CT10+145bps. and the 30-year bond priced at 4%, which was added at guidance phase. The expected issue ratings are 'AA-/A1/NR'. AYC Finance Ltd has priced a USD400mn Perp NC5 (guaranteed by Ayala Corporation) at 5.125%, tightening from initial guidance of 5.625% area. HPHT Finance (17) Limited has priced a USD500mn 5-year bond (guaranteed by Hutchison Port Holdings Trust) at CT5+117.5bps, tightening from initial guidance of CT5+145bps area. The expected issue ratings are 'BBB+/Baa1/NR'. China Aoyuan Property Group Ltd has priced a USD250mn 5NC3 bond (guaranteed by certain non-PRC subsidiaries of the issuer) at 5.375%, tightening from initial guidance of 5.875%. The expected issue ratings are 'B/B2/BB-'. Woodside Finance Ltd has priced a USD800mn 10.5-year bond at CT10+160bps, tightening from initial guidance of CT10+180bps. The expected issue ratings are 'BBB+/Baa1/NR'. Sumitomo Corp has priced a USD500mn 5-year bond at CT5+87.5bps, tightening from initial guidance of CT5+110bps area. LSD Bonds (2017) Ltd has priced a USD 400mn 5-year bond (guaranteed by Lai Sun Development Co Ltd) at 4.6%, tightening from initial guidance of 4.85% area. Asian Development Bank has priced a USD4bn 5-year bond at MS+12bps, tightening from initial guidance of MS+14bps. The expected issue ratings are 'NR/Aaa/AAA'. Sumitomo Life Insurance Company has scheduled investor meetings for potential USD bond issuance from 6 Sep. The expected issue ratings are 'NR/A3/A-'. Sino-Ocean Land Treasure III Ltd has scheduled investor meetings for potential USD Perp issuance (guaranteed by Sino-Ocean Group Holding Ltd) from 7 Sep. The expected issue ratings are 'NR/Ba2/BB'.
- **Rating Changes:** S&P has affirmed China Jinmao Holdings Group Ltd's (Jinmao) 'BBB-' corporate credit rating and the rating on its outstanding guaranteed senior unsecured notes, while revising the outlook to stable from negative. The rating action reflects S&P's expectation that Jinmao will expand its business in a controlled manner and maintain a balanced business mix, above-average profitability, and sound financial management. S&P has upgraded Anhui Conch Cement Co Ltd (Conch Cement) to 'A' from 'A-'. The outlook is stable. The rating action reflects S&P's expectation that Conch Cement will continue to lower its financial leverage over the next 12-24 months due to an increase in operating efficiency. Moody's has affirmed Boart Longyear Management Pty Ltd's (Boart Longyear) 'Caa2' corporate family rating, as well as its 'Caa1' senior secured and 'Caa3' senior unsecured ratings. The outlook is negative. The rating action reflects Moody's view that the exchange of the senior unsecured notes, interest reduction and PIK election to maturity as a distressed exchange and limited default under its definitions. Moody's has affirmed GCX Ltd's (GCX) 'B3' corporate family rating and senior unsecured rating. The outlook is negative. The rating action reflects GCX's stable operating performance and relatively low leverage. However, the negative

outlook reflects GCX's linkage to its parent, Reliance Communications Limited (India) (RCOM), which announced a debt standstill to allow for the completion of certain transactions. Moody's has upgraded Maoye International Holdings Ltd's (Maoye) corporate family rating to 'B3' from 'Caa1'. Moody's has changed the ratings outlook to stable from negative. The rating action reflects Moody's expectation that Maoye will be able to manage the refinancing of its short-term debt, execute property sales to raise operating cash flow, and slow its pace of acquisition.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.290	0.04%	USD-SGD	1.3498	-0.25%
USD-JPY	109.220	0.38%	EUR-SGD	1.6089	-0.20%
EUR-USD	1.1917	0.03%	JPY-SGD	1.2356	-0.61%
AUD-USD	0.8000	0.05%	GBP-SGD	1.7606	-0.18%
GBP-USD	1.3043	0.08%	AUD-SGD	1.0796	-0.22%
USD-MYR	4.2387	-0.50%	NZD-SGD	0.9721	-0.67%
USD-CNY	6.5242	-0.22%	CHF-SGD	1.4115	-0.36%
USD-IDR	13333	-0.04%	SGD-MYR	3.1373	-0.23%
USD-VND	22726	-0.06%	SGD-CNY	4.8341	-0.05%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1778	--
2M	-0.3390	--	1M	1.2311	--
3M	-0.3290	--	2M	1.2750	--
6M	-0.2740	--	3M	1.3172	--
9M	-0.2140	--	6M	1.4550	--
12M	-0.1610	--	12M	1.7146	--

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	0.0%	99.1%	0.0%	0.0%	0.0%
11/01/2017	0.8%	98.4%	0.8%	0.0%	0.0%
12/13/2017	32.1%	67.3%	31.9%	0.2%	0.0%
01/31/2018	32.7%	66.7%	32.2%	0.5%	0.0%
03/21/2018	46.0%	53.5%	39.1%	6.8%	0.1%
05/02/2018	45.9%	53.4%	38.9%	6.8%	0.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.16	1.03%	Copper (per mt)	6,947.9	0.75%
Brent (per barrel)	54.20	1.54%	Nickel (per mt)	12,113.0	0.69%
Heating Oil (per gallon)	1.7595	0.66%	Aluminium (per mt)	2,087.8	0.40%
Gasoline (per gallon)	1.6733	-1.52%			
Natural Gas (per MMBtu)	3.0000	0.94%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,744.0	-0.83%
			Rubber (JPY/KG)	233.5	2.14%
Precious Metals	Futures	% chg			
Gold (per oz)	1,339.0	-0.41%			
Silver (per oz)	17.910	-0.17%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,807.64	54.33
S&P	2,465.54	7.69
Nasdaq	6,393.31	17.74
Nikkei 225	19,357.97	-27.84
STI	3,232.47	-18.79
KLCI	1,772.48	2.85
JCI	5,824.14	-5.84
Baltic Dry	1,215.00	--
VIX	11.63	-0.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.24 (-0.03)	1.30 (+0.01)
5Y	1.50 (-0.04)	1.68 (+0.04)
10Y	1.99 (-0.05)	2.10 (+0.04)
15Y	2.27 (-0.05)	--
20Y	2.25 (-0.05)	--
30Y	2.30 (-0.06)	2.72 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	16.14	0.53
EURIBOR-OIS	3.01	0.01
TED	30.07	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
09/06/2017 08:00	JN Labor Cash Earnings YoY	Jul 0.50%	-0.30%	-0.40%	0.40%
09/06/2017 08:30	SI Nikkei Singapore PMI	Aug --	53.2	51.3	--
09/06/2017 09:30	AU GDP SA QoQ	2Q 0.90%	0.80%	0.30%	--
09/06/2017 09:30	AU GDP YoY	2Q 1.90%	1.80%	1.70%	1.80%
09/06/2017 12:00	MA Exports YoY	Jul 23.00%	30.90%	10.00%	9.90%
09/06/2017 12:00	MA Imports YoY	Jul 11.30%	21.80%	3.70%	--
09/06/2017 12:00	MA Trade Balance MYR	Jul 8.00b	8.03b	9.88b	9.89b
09/06/2017 14:00	GE Factory Orders MoM	Jul 0.20%	-0.70%	1.00%	0.90%
09/06/2017 14:00	GE Factory Orders WDA YoY	Jul 5.80%	5.00%	5.10%	--
09/06/2017 15:00	MA Foreign Reserves	Aug-30 --	\$100.5b	\$100.4b	--
09/06/2017 15:30	GE Markit Germany Construction PMI	Aug --	54.9	55.8	--
09/06/2017 16:00	IT Retail Sales YoY	Jul 1.20%	0.00%	1.50%	1.30%
09/06/2017 16:00	SI Automobile COE Open Bid Cat A	Sep-06 --	36001	42900	--
09/06/2017 16:00	SI Automobile COE Open Bid Cat B	Sep-06 --	49000	51000	--
09/06/2017 16:10	GE Markit Germany Retail PMI	Aug --	53	50.7	--
09/06/2017 16:10	EC Markit Eurozone Retail PMI	Aug --	50.8	51	--
09/06/2017 16:10	FR Markit France Retail PMI	Aug --	50.4	54.1	--
09/06/2017 16:10	IT Markit Italy Retail PMI	Aug --	48	47.3	--
09/06/2017 19:00	US MBA Mortgage Applications	Sep-01 --	3.30%	-2.30%	--
09/06/2017 20:30	CA Int'l Merchandise Trade	Jul -3.30b	-3.04b	-3.60b	-3.76b
09/06/2017 20:30	US Trade Balance	Jul -\$44.7b	-\$43.7b	-\$43.6b	-\$43.5b
09/06/2017 21:45	US Markit US Services PMI	Aug F 56.9	56	56.9	--
09/06/2017 21:45	US Markit US Composite PMI	Aug F --	55.3	56	--
09/06/2017 22:00	CA Bank of Canada Rate Decision	Sep-06 0.75%	1.00%	0.75%	--
09/06/2017 22:00	US ISM Non-Manf. Composite	Aug 55.6	55.3	53.9	--
09/07/2017 09:30	AU Retail Sales MoM	Jul 0.20%	--	0.30%	--
09/07/2017 09:30	AU Trade Balance	Jul A\$1000m	--	A\$856m	--
09/07/2017 13:00	JN Leading Index CI	Jul P 105.1	--	105.9	--
09/07/2017 14:00	GE Industrial Production SA MoM	Jul 0.50%	--	-1.10%	--
09/07/2017 14:00	GE Industrial Production WDA YoY	Jul 4.60%	--	2.40%	--
09/07/2017 14:45	FR Trade Balance	Jul --	--	-4657m	--
09/07/2017 15:00	MA BNM Overnight Policy Rate	Sep-07 3.00%	--	3.00%	--
09/07/2017 15:30	UK Halifax House Price 3Mths/Year	Aug 2.10%	--	2.10%	--
09/07/2017 15:30	UK Halifax House Prices MoM	Aug 0.20%	--	0.40%	--
09/07/2017 17:00	EC GDP SA YoY	2Q F 2.20%	--	2.20%	--
09/07/2017 19:45	EC ECB Main Refinancing Rate	Sep-07 0.00%	--	0.00%	--
09/07/2017 19:45	EC ECB Marginal Lending Facility	Sep-07 0.25%	--	0.25%	--
09/07/2017 19:45	EC ECB Deposit Facility Rate	Sep-07 -0.40%	--	-0.40%	--
09/07/2017 20:30	CA Building Permits MoM	Jul -1.50%	--	2.50%	--
09/07/2017 20:30	US Initial Jobless Claims	Sep-02 245k	--	236k	--
09/07/2017 20:30	US Continuing Claims	Aug-26 1945k	--	1942k	--
09/07/2017 20:30	US Nonfarm Productivity	2Q F 1.30%	--	0.90%	--
09/07/2017 21:45	US Bloomberg Consumer Comfort	Sep-03 --	--	53.3	--
09/07/2017	HK Foreign Reserves	Aug --	--	\$413.3b	--
09/07/2017	PH Foreign Reserves	Aug --	--	\$80.8b	\$81.1b
09/07/2017	CH Foreign Reserves	Aug \$3095.0b	--	\$3080.7b	--

Source: Bloomberg

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