

## Highlights

<b>Global</b>	<p>It was the best of worlds and the worst of worlds for the hurricane-impacted US labor market report last Friday – nonfarm payrolls fell 33k (ending a 7-year cycle of gains) with a 2-month revision of -38k, yet the unemployment rate fell to a fresh 16-year low of 4.2% and average hourly earnings rose 2.9% yoy (+0.5% mom). UST bond yields climbed as market players focused on the latter data and increased the probability of a third FOMC rate hike by Dec. Meanwhile, North Korean geopolitical tensions ratcheted higher as US president Trump threatened that “only one thing will work!” amid talk of another missile test that is said to be capable of reaching the US West Coast. Separately, U.S and Turkey also suspended visa services for visitor arrivals, and final NZ election results over the weekend also showed both main parties, the ruling National Party and Labour-Green opposition with 56 and 54 seats respectively could form viable coalitions ahead of the 12 Oct deadline. Asian bourses may watch for Chinese markets returning after its Golden Week holiday. Today’s economic data calendar is relatively light and only comprises of China’s Caixin PMI and foreign reserves, and German industrial production. For the week ahead, watch for IMF-World bank meetings starting 10 Oct, US’ 3Q earnings season, FOMC minutes on 11 Oct, and US president Trump’s speech on Iran on 12 Oct. The Spanish Parliament will also discuss the Catalan independence vote on Tuesday.</p>
<b>US</b>	<p>Private payrolls fell 40k in Aug, but the underemployment rate improved to 8.3% and the labor force participation rate rose to 63.1%. Meanwhile, wholesale inventories rose 0.9% mom in Aug, while consumer credit rose US\$13.065b. Fed speaker Dudley said “even though inflation is currently somewhat below our longer-run objective, I judge that it is still appropriate to continue to remove monetary policy accommodation gradually” and Kaplan opined that “I’m open-minded about December, but I’m not there yet”, whereas Bullard warned that “I’m getting more concerned that we might make a policy mistake” and Bostic said he was “definitely in a wait-and-see mode”.</p>
<b>SG</b>	<p>3Q17 GDP growth estimates and MAS policy decision will be announced on 13 Oct at 8am, which we tip at 5.3% yoy (+9.6% qoq saar) and no change in the neutral SGD NEER policy stance, albeit with a brighter 2018 growth outlook but no imminent core inflation uptick.</p>
<b>ID</b>	<p>Foreign reserves continued to climb in the latest month, hitting a record of US\$129.4b. Reserves were supported by tax revenue and well-received FX bill auctions.</p>
<b>MA</b>	<p>Aug’s exports surprised higher at 21.5% while imports grew 22.6%, bringing overall trade balance to MYR9.86bn. Exports were led by a surge in energy-related products such as LNG (+101.8%), petroleum (+33.6%), as well as electrical &amp; electronic products (+20.1%). The Aug’s stellar export print thus brings Malaysia’s first 8 months of export growth to 22.4% yoy.</p>
<b>CMD</b>	<p>Crude oil prices weakened considerably as market-watchers watch Storm Nate coming ashore into Mississippi and moved northeast into Alabama. Moreover, some risk aversion were seen from the fall in US nonfarm payrolls, the first decline in seven years, suggesting that the previous Hurricanes Harvey and Irma had left workers temporarily displaced and delayed industry hiring. Gold was up 0.13% to \$1,274.9/oz while silver rose 0.91%.</p>

## Major Market

- **US:** Equities took a breather on Friday, amidst weaker-than-expected nonfarm payrolls. Trump's "calm before the storm" rhetoric also did no good, as it ratcheted up Korean tensions a notch. Overall, the S&P 500 faded 0.11%, while the Dow and Nasdaq Composite were essentially unchanged. VIX jumped higher at 9.65, compared to 9.19 previously. This week, watch for CPI and retail sales data, and the start of earnings season. Meanwhile, US Treasury yields were firmer on Friday, with 2y and 10y yields higher by 2 bps to 1.50% and 2.36% respectively. Schedule for Fed speakers is heavy this week, bookended by Yellen on Sunday. Watch closely also for Brainard on Thursday and Powell on Saturday. September FOMC minutes also to be released on Tuesday.
- **Hong Kong:** Hang Seng Index closed at its highest level since Apr 2015 at 28432.56 on Oct 6 despite the lack of support from southbound equity flows amid golden week holiday. The buoyant performance was led by the global risk-on sentiment amid US tax reform optimism, China's rosy PMI data and the PBOC's announcement of RRR cuts. As the Fed is set to reduce its balance sheet at a gradual rate while the ECB and the BOJ may continue their QE plans, we expect global liquidity to remain flushed in the coming year. As such, with the sustained southbound equity flows under the two stock connects, we see little chance of a sharp fall in the stock market. However, risks of a moderate correction cannot be ruled out should global monetary tightening accelerate. An expected slowdown in China's growth and the uncertainty about Trump's tax reform could also pose downward pressure to the stock market.
- **Singapore:** The STI added 0.90% to close up at 3291.29 on Friday, but may attempt a run for the 3300 resistance today, with support tipped at 3280. The SGS bond market sold off by up to 2bps on Friday, and may remain under pressure today amid increased market speculation of a Dec FOMC rate hike (market pricing has risen to 78% probability).

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 1-5bps higher across most tenors. The 20-year tenor fell by 1bps. In the broader dollar space, the spread on JACI IG Corp traded little changed at 183bps. Similarly, the yield on JACI HY Corp traded little changed at 6.88%. 10Y UST yields rose 1bps to 2.36%, after the re-emergence of North Korean tensions reversed gains in yields due to the release of the non-farm payrolls report, which showed a spike in hourly wages.
- **New Issues:** Singapore Airlines Ltd has priced a SGD200mn re-tap of its SIASP 3.13%'26s at 101.5%.
- **Rating Changes:** Moody's has downgraded Honda Motor Co Ltd's (Honda) long-term rating to 'A2' from 'A1'. The outlook is stable. The rating action reflects Honda's margins, which have been lower than other auto companies, and that profitability will remain lower or similar to the range anticipated to its peers due to intense competition from global markets. Moody's has affirmed Sydney Water Corporation's (Sydney Water) 'Aa3' issuer rating while revising the outlook to negative from stable. The rating action reflects Moody's expectation that Sydney Water's financial leverage will gradually decline below the rating tolerance threshold over the next three to four years. Fitch has

placed Dalian Wanda Commercial Property Co Ltd's (Wanda) 'BBB' Long-Term Issuer Default Rating (IDR), senior unsecured rating and the rating of its outstanding US dollar senior notes on Rating Watch Negative (RWN). The rating action reflects the lack of clarity surrounding Wanda's offshore liquidity, as early termination provisions on Wanda's offshore loans were triggered by the rating downgrade of Wanda by agencies other than Fitch.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	93.800	-0.17%	<b>USD-SGD</b>	1.3650	0.04%
<b>USD-JPY</b>	112.650	-0.15%	<b>EUR-SGD</b>	1.6011	0.21%
<b>EUR-USD</b>	1.1730	0.16%	<b>JPY-SGD</b>	1.2112	0.16%
<b>AUD-USD</b>	0.7767	-0.36%	<b>GBP-SGD</b>	1.7844	-0.31%
<b>GBP-USD</b>	1.3066	-0.40%	<b>AUD-SGD</b>	1.0601	-0.33%
<b>USD-MYR</b>	4.2370	0.20%	<b>NZD-SGD</b>	0.9672	-0.39%
<b>USD-CNY</b>	6.6528	--	<b>CHF-SGD</b>	1.3931	-0.11%
<b>USD-IDR</b>	13519	0.41%	<b>SGD-MYR</b>	3.1008	-0.12%
<b>USD-VND</b>	22702	-0.11%	<b>SGD-CNY</b>	4.8705	-0.19%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	22,773.67	-1.72
<b>S&amp;P</b>	2,549.33	-2.74
<b>Nasdaq</b>	6,590.18	4.82
<b>Nikkei 225</b>	20,690.71	62.15
<b>STI</b>	3,291.29	29.45
<b>KLCI</b>	1,764.00	4.91
<b>JCI</b>	5,905.38	3.47
<b>Baltic Dry</b>	1,405.00	23.00
<b>VIX</b>	9.65	0.46

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3730	-0.0010	<b>O/N</b>	1.1822	--
<b>2M</b>	-0.3400	-0.0010	<b>1M</b>	1.2350	-0.0028
<b>3M</b>	-0.3290	--	<b>2M</b>	1.2713	-0.0008
<b>6M</b>	-0.2730	-0.0010	<b>3M</b>	1.3503	0.0017
<b>9M</b>	-0.2200	-0.0010	<b>6M</b>	1.5188	0.0053
<b>12M</b>	-0.1730	-0.0020	<b>12M</b>	1.8046	0.0044

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.35 (+0.01)	1.50 (+0.02)
<b>5Y</b>	1.63 (+0.02)	1.96 (+0.01)
<b>10Y</b>	2.15 (+0.02)	2.36 (+0.01)
<b>15Y</b>	2.43 (+0.02)	--
<b>20Y</b>	2.43 (+0.02)	--
<b>30Y</b>	2.51 (+0.02)	2.89 (--)

### 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	78.5%	78.3%	0.2%	0.0%	0.0%
01/31/2018	78.9%	77.2%	1.6%	0.0%	0.0%
03/21/2018	89.0%	50.4%	37.8%	0.8%	0.0%
05/02/2018	89.3%	49.3%	38.2%	1.8%	0.0%
06/13/2018	93.0%	36.0%	42.0%	14.3%	0.6%

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	13.83	-0.46
<b>EURIBOR-OIS</b>	2.93	0.25
<b>TED</b>	28.81	-0.08

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.29	-2.95%	Copper (per mt)	6,677.8	-0.57%
Brent (per barrel)	55.62	-2.42%	Nickel (per mt)	10,524.0	0.62%
Heating Oil (per gallon)	1.7439	-2.37%	Aluminium (per mt)	2,134.3	-0.80%
Gasoline (per gallon)	1.5588	-3.26%			
Natural Gas (per MMBtu)	2.8630	-2.05%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,730.0	0.37%
			Rubber (JPY/KG)	207.2	-0.38%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,274.9	0.13%			
Silver (per oz)	16.790	0.91%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## CFTC Commodity Positioning Update

For the week ended: 03 Oct 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Lean Hogs	54,894	46,075	8,819	Sugar	-54,163	-32,630	-21,533
Live Cattle	125,257	116,760	8,497	Natural Gas	-76,537	-60,092	-16,445
Cocoa	-17,237	-23,789	6,552	Gold	212,480	228,017	-15,537
Wheat	-38,321	-43,309	4,988	Coffee	-22,031	-8,451	-13,580
Copper	33,616	29,958	3,658	Corn	-65,421	-54,852	-10,569
Soybean	34,992	34,616	376	Cotton	64,689	71,712	-7,023
Palladium	20,382	20,556	-174	RBOB Gasoline	75,708	81,844	-6,136
Silver	58,581	59,608	-1,027	Heating Oil	54,140	57,871	-3,731
Nymex Crude	503,895	505,088	-1,193	Platinum	21,843	25,288	-3,445

Source: CFTC, Bloomberg

### Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
10/06/2017 08:00	JN Labor Cash Earnings YoY	Aug	0.50%	0.90%	-0.30%	-0.60%
10/06/2017 08:30	HK Nikkei Hong Kong PMI	Sep	--	51.2	49.7	--
10/06/2017 12:00	MA Exports YoY	Aug	20.00%	21.50%	30.90%	--
10/06/2017 12:00	MA Trade Balance MYR	Aug	9.75b	9.87b	8.03b	8.04b
10/06/2017 13:00	JN Leading Index CI	Aug P	107.1	106.8	105.2	--
10/06/2017 13:09	PH Foreign Reserves	Sep	--	\$81.3b	\$81.5b	\$81.7b
<b>10/06/2017 14:00</b>	<b>GE Factory Orders MoM</b>	<b>Aug</b>	<b>0.70%</b>	<b>3.60%</b>	<b>-0.70%</b>	<b>-0.40%</b>
10/06/2017 14:00	GE Factory Orders WDA YoY	Aug	4.70%	7.80%	5.00%	5.40%
10/06/2017 14:45	FR Trade Balance	Aug	-5400m	-4514m	-5968m	-5841m
10/06/2017 15:00	MA Foreign Reserves	Sep-29	--	\$101.2b	\$100.8b	--
<b>10/06/2017 15:30</b>	<b>TH Foreign Reserves</b>	<b>Sep-29</b>	<b>--</b>	<b>\$199.3b</b>	<b>\$200.2b</b>	<b>--</b>
<b>10/06/2017 15:30</b>	<b>UK Halifax House Prices MoM</b>	<b>Sep</b>	<b>0.00%</b>	<b>0.80%</b>	<b>1.10%</b>	<b>1.50%</b>
10/06/2017 15:30	UK Halifax House Price 3Mths/Year	Sep	3.60%	4.00%	2.60%	--
<b>10/06/2017 16:00</b>	<b>IT Retail Sales MoM</b>	<b>Aug</b>	<b>0.20%</b>	<b>-0.30%</b>	<b>-0.20%</b>	<b>-0.40%</b>
<b>10/06/2017 16:00</b>	<b>IT Retail Sales YoY</b>	<b>Aug</b>	<b>0.80%</b>	<b>-0.50%</b>	<b>0.00%</b>	<b>-0.40%</b>
<b>10/06/2017 16:00</b>	<b>TA CPI YoY</b>	<b>Sep</b>	<b>0.90%</b>	<b>0.50%</b>	<b>0.96%</b>	<b>--</b>
<b>10/06/2017 17:45</b>	<b>ID Foreign Reserves</b>	<b>Sep</b>	<b>--</b>	<b>\$129.40b</b>	<b>\$128.79b</b>	<b>--</b>
<b>10/06/2017 20:30</b>	<b>CA Net Change in Employment</b>	<b>Sep</b>	<b>12.0k</b>	<b>10.0k</b>	<b>22.2k</b>	<b>--</b>
<b>10/06/2017 20:30</b>	<b>US Change in Nonfarm Payrolls</b>	<b>Sep</b>	<b>80k</b>	<b>-33k</b>	<b>156k</b>	<b>169k</b>
<b>10/06/2017 20:30</b>	<b>CA Unemployment Rate</b>	<b>Sep</b>	<b>6.20%</b>	<b>6.20%</b>	<b>6.20%</b>	<b>--</b>
10/06/2017 20:30	US Change in Manufact. Payrolls	Sep	10k	-1k	36k	41k
<b>10/06/2017 20:30</b>	<b>US Unemployment Rate</b>	<b>Sep</b>	<b>4.40%</b>	<b>4.20%</b>	<b>4.40%</b>	<b>--</b>
<b>10/06/2017 22:00</b>	<b>US Wholesale Inventories MoM</b>	<b>Aug F</b>	<b>1.00%</b>	<b>0.90%</b>	<b>1.00%</b>	<b>--</b>
10/09/2017 09:45	CH Caixin China PMI Composite	Sep	--	--	52.4	--
10/09/2017 09:45	CH Caixin China PMI Services	Sep	--	--	52.7	--
10/09/2017 13:30	AU Foreign Reserves	Sep	--	--	A\$76.3b	--
<b>10/09/2017 14:00</b>	<b>GE Industrial Production SA MoM</b>	<b>Aug</b>	<b>0.90%</b>	<b>--</b>	<b>0.00%</b>	<b>--</b>
10/09/2017 14:00	GE Industrial Production WDA YoY	Aug	2.90%	--	4.00%	--
10/09/2017 14:30	FR Bank of France Ind. Sentiment	Sep	105	--	104	--
10/09/2017 17:00	SI Foreign Reserves	Sep	--	--	\$273.11b	--
10/09/2017	HK Foreign Reserves	Sep	--	--	\$413.7b	--
10/09/2017	CH Foreign Reserves	Sep	\$3100.0b	--	\$3091.5b	--
<b>10/06/2017 10/13</b>	<b>VN Domestic Vehicle Sales YoY</b>	<b>Sep</b>	<b>--</b>	<b>--</b>	<b>0.90%</b>	<b>--</b>

Source: Bloomberg

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