

Highlights

Global	<p>Relatively calmer spirits continue to be observed into the second day of the week. Safe haven assets including gold, UST and JPY continue to retreat while the Korean Credit Default Swap (CDS) premium fell from its 18-month high. Risk appetite may continue to stay supported into today, given the relatively rosier economic prints coming out from US and Germany; note that US Retail Sales and Empire Manufacturing prints surprised market expectations on the upside. Elsewhere, Germany's 2Q working day-adjusted GDP print surprised stronger at 2.1% vs market estimate of 1.9% (1Q GDP was also revised higher from 1.7% to 2.0%).</p> <p>Overall, Asian bourses may continue to firm today amid the receding geopolitical uncertainties. Today's economic data calendar comprises of US' Housing Starts, MBA Mortgage Applications and Building Permits, EC & IT 2Q GDP print, Bank of Thailand MPC meeting.</p>
AU	RBA minutes continue to highlight the need for "careful monitoring" over its housing market and household debt. The central bank however commented that there are further improvements in its labour market given more full-time jobs being created amid higher labour participation and average hours worked.
CN	Broad money supply M2 growth decelerated further to record low of 9.2% in July. However, as mentioned by PBoC last week in its latest 2Q monetary policy report, PBoC is unlikely to react to the falling M2 growth due to its less predictability and declining correlation with the real economy. Nevertheless, aggregate social financing remained strong, increasing by CNY1.22 trillion on the back of return of financing function of bond market. Net corporate bond issuance increased by CNY284 billion after two straight months' decline as concerns about the volatility of bond market started to dissipate after PBoC shows policy flexibility.
ID	President Jokowi is expected to outline his budget plans today through a parliamentary address. Focus will be on the tension between his infrastructure spending plans and a widening budget deficit. With the budget deficit projected to widen to 2.9% of GDP, there may be limited fiscal means to drive growth without an increase in borrowing. Meanwhile, July exports data printed 41.12% yoy growth, exceeding estimates of 35.72%.
TH	The Bank of Thailand is slated to meet today to discuss its monetary policy and economic developments. On this, we expect BOT to keep its benchmark rate unchanged at 1.50%.
Commodities	Gold continues to retreat as market-watchers increasingly focus back on global growth and away from geopolitical issues. In fact, gold's fall marked its second day of decline, and its largest one-day percentage loss in almost six weeks. Crude oil prices were flat overnight, as investors digested API's data which indicated a further drop in US crude oil stocks, though the US Department of Energy also highlighted its intention to sell 14 million barrels of crude oil in late August.

Major Market

- **US markets:** As North Korean tensions fade, the market re-focused on economic fundamentals. Stronger-than-expected retail sales data bodes well for growth in the upcoming quarters, and re-ignited expectations for the 3rd rate hike this year. On the equities front, major indices were little changed, with the S&P 500 and Nasdaq Composite closing lower, but the Dow higher. Losses in telecommunications and consumer discretionary stocks were offset by gains in utilities and consumer staples. VIX continued to shade lower, down 2.35% to 12.04. Meanwhile, US Treasuries were pressured by the retail sales data-led selloff. 2y and 10y benchmark yields were firmer by 3-5 bps, closing at 1.35% and 2.27% respectively. Watch for the release of July FOMC minutes later today.
- **Singapore:** STI fell 0.42% at closing yesterday. The losses were led by Golden Agri-Resources (-2.7%), though gains in SPH (+2.2%), CapitaLand Mall Trust (+0.96%) and Singapore Airlines (+0.6%) limited overall gains. For today, risk appetite should continue to stay buoyant given the relatively rosier economic prints from the US and EU markets overnight.
- **S. Korea:** Credit default swap premium fell from its 18-month high to 66.3 basis points as of yesterday, suggesting that some geopolitical concerns have been taken off the table. Still, it remains starkly above its YTD average of 52.2.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 3-5bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 188bps. Similarly, the yield on JACI HY Corp fell 1 bps to 7.01%. 10y UST yields rose 5bps to 2.28%, after the results of the Empire State Manufacturing survey and retail sales data came in higher-than-expected.
- **New Issues:** Wing Tai Properties (Finance) Ltd has priced a SGD160mn Perp NC3 (guaranteed by Wing Tai Properties Ltd) at 4.35% (reset at the end of year 10 and every 10 years thereafter), tightening from initial guidance of 4.7%. CIFI Holdings (Group) Co Ltd has priced a USD300mn Perp NC5 at 5.375%, tightening from initial guidance of 6% area. The expected issue ratings are 'NR/B1/NR'.
- **Rating Changes:** Moody's has assigned Stockland Group (Stockland) an issuer rating of 'A3'. The outlook is stable. The rating action reflects Stockland's standing as one of Australia's largest real estate investment trusts, its stable and predictable level of operating income from its diversified portfolio, and its moderate financial profile. Moody's has assigned CSL Limited an issuer rating of 'A3'. The outlook is stable. The rating action reflects CSL's position as a market leader in the industry, as well as Moody's expectation that CSL will report strong EBITDA growth over the next five years.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.853	0.47%	USD-SGD	1.3669	0.30%
USD-JPY	110.670	0.95%	EUR-SGD	1.6040	-0.09%
EUR-USD	1.1735	-0.38%	JPY-SGD	1.2353	-0.63%
AUD-USD	0.7821	-0.39%	GBP-SGD	1.7592	-0.43%
GBP-USD	1.2869	-0.73%	AUD-SGD	1.0692	-0.07%
USD-MYR	4.2955	0.05%	NZD-SGD	0.9893	-0.38%
USD-CNY	6.6855	0.21%	CHF-SGD	1.4055	0.24%
USD-IDR	13361	0.09%	SGD-MYR	3.1483	-0.16%
USD-VND	22721	-0.03%	SGD-CNY	4.8885	-0.19%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1778	--
2M	-0.3390	--	1M	1.2278	--
3M	-0.3290	--	2M	1.2622	--
6M	-0.2710	--	3M	1.3142	--
9M	-0.2110	--	6M	1.4500	--
12M	-0.1580	--	12M	1.7179	--

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	9.3%	90.7%	9.1%	0.2%	0.0%
12/13/2017	42.7%	57.3%	39.2%	3.5%	0.1%
01/31/2018	43.2%	56.8%	39.3%	3.8%	0.1%
03/21/2018	58.1%	41.9%	43.9%	13.1%	1.1%
05/02/2018	58.8%	41.2%	43.9%	13.6%	1.3%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.55	-0.08%	Copper (per mt)	6,355.9	-0.74%
Brent (per barrel)	50.80	0.14%	Nickel (per mt)	10,312.5	-0.91%
Heating Oil (per gallon)	1.5996	-0.38%	Aluminium (per mt)	2,038.3	0.54%
Gasoline (per gallon)	1.5795	0.18%			
Natural Gas (per MMBtu)	2.9350	-0.81%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,633.0	-1.20%
			Rubber (JPY/KG)	212.9	1.38%
Precious Metals	Futures	% chg			
Gold (per oz)	1,279.7	-0.83%			
Silver (per oz)	16.714	-2.38%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,998.99	5.28
S&P	2,464.61	-1.23
Nasdaq	6,333.01	-7.22
Nikkei 225	19,753.31	216.21
STI	3,294.93	-13.76
KLCI	1,772.39	1.31
JCI	5,835.04	33.55
Baltic Dry	1,155.00	--
VIX	12.04	-0.29

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.26 (+0.03)	1.35 (+0.03)
5Y	1.57 (+0.04)	1.83 (+0.06)
10Y	2.14 (+0.04)	2.27 (+0.05)
15Y	2.34 (+0.04)	--
20Y	2.45 (+0.04)	--
30Y	2.50 (+0.04)	2.85 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.54	0.62
EURIBOR-OIS	2.84	0.06
TED	29.98	--

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
08/15/2017 09:30	AU New Motor Vehicle Sales MoM	Jul	--	-2.00%	1.20%	1.10%
08/15/2017 12:00	JN Tokyo Condominium Sales YoY	Jul	--	3.30%	-25.10%	--
08/15/2017 12:06	ID Exports YoY	Jul	35.72%	41.12%	-11.82%	-11.74%
08/15/2017 12:21	ID Trade Balance	Jul	\$1125m	-\$271m	\$1631m	\$1664m
08/15/2017 12:30	JN Industrial Production MoM	Jun F	--	2.20%	1.60%	--
08/15/2017 12:30	JN Capacity Utilization MoM	Jun	--	2.10%	-4.10%	--
08/15/2017 13:47	PH Overseas Remittances YoY	Jun	5.10%	5.70%	5.50%	--
08/15/2017 14:00	GE GDP SA QoQ	2Q P	0.70%	0.60%	0.60%	0.70%
08/15/2017 16:00	CH Money Supply M2 YoY	Jul	9.50%	9.20%	9.40%	--
08/15/2017 16:00	CH New Yuan Loans CNY	Jul	800.0b	825.5b	1540.0b	--
08/15/2017 16:30	UK CPI YoY	Jul	2.70%	2.60%	2.60%	--
08/15/2017 16:30	UK Retail Price Index	Jul	272.5	272.9	272.3	--
08/15/2017 16:30	UK RPI MoM	Jul	0.10%	0.20%	0.20%	--
08/15/2017 16:30	UK PPI Input NSA YoY	Jul	6.90%	6.50%	9.90%	10.00%
08/15/2017 16:30	UK PPI Output NSA YoY	Jul	3.10%	3.20%	3.30%	--
08/15/2017 20:30	US Import Price Index MoM	Jul	0.10%	0.10%	-0.20%	--
08/15/2017 20:30	US Empire Manufacturing	Aug	10	25.2	9.8	--
08/15/2017 20:30	US Retail Sales Advance MoM	Jul	0.30%	0.60%	-0.20%	0.30%
08/15/2017 22:00	US NAHB Housing Market Index	Aug	64	68	64	--
08/16/2017 04:00	US Total Net TIC Flows	Jun	--	\$7.7b	\$57.3b	\$54.7b
08/16/2017 04:00	US Net Long-term TIC Flows	Jun	--	\$34.4b	\$91.9b	--
08/16/2017 08:30	AU Westpac Leading Index MoM	Jul	--	--	-0.14%	--
08/16/2017 09:30	AU Wage Price Index QoQ	2Q	0.50%	--	0.50%	--
08/16/2017 11:00	NZ Non Resident Bond Holdings	Jul	--	--	61.50%	--
08/16/2017 15:05	TH BoT Benchmark Interest Rate	Aug-16	1.50%	--	1.50%	--
08/16/2017 16:00	IT GDP WDA QoQ	2Q P	0.40%	--	0.40%	--
08/16/2017 16:30	UK Claimant Count Rate	Jul	--	--	2.30%	--
08/16/2017 16:30	UK Jobless Claims Change	Jul	--	--	5.9k	--
08/16/2017 16:30	UK ILO Unemployment Rate 3Mths	Jun	4.50%	--	4.50%	--
08/16/2017 17:00	EC GDP SA QoQ	2Q P	0.60%	--	0.60%	--
08/16/2017 19:00	US MBA Mortgage Applications	Aug-11	--	--	3.00%	--
08/16/2017 20:30	CA Int'l Securities Transactions	Jun	--	--	29.46b	--
08/16/2017 20:30	US Housing Starts	Jul	1220k	--	1215k	--
08/16/2017 20:30	US Building Permits	Jul	1250k	--	1254k	1275k

Source: Bloomberg

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