

Highlights

Global	<p>Global risk appetite remained relatively sanguine ahead of the key FOMC meeting that may announce the start of its process of unwinding its balance sheet tomorrow, as well as any clues on third rate hike probability later this year and future intentions regarding the dot plot graph. This risk-on mood may sustain when Asian bourses trade this morning, but be alert to any potential profit-taking interest going into the FOMC meeting. Note the 2-year UST bond yield has already risen back to 1.39% (last seen back in July). Today's economic data calendar comprises of US' housing starts, building permits, import prices and current account data, German ZEW survey and RBA minutes due later this morning, as well as US president Trump's address to the United Nations.</p>
US	<p>Trade Representative Lighthizer opined that "there is one challenge on the current scene that is substantially more difficult than those faced in the past, and that is China" and "the sheer scale of their coordinated effort....is a threat to the world trading system that is unprecedented". Meanwhile, TIC data showed that China had increased its holdings of UST bonds for the sixth straight month by US\$19.5b to US\$1.17t in July, putting it in pole position ahead of Japan (US\$1.11t) for the second month.</p>
UK	<p>BOE governor Carney opined that global factors could justify policy tightening soon, but the cycle will be "limited and gradual" as there remains "considerable risks to the UK outlook".</p>
CA	<p>BOC's deputy governor Lane opined "we will be paying close attention to how the economy responds to both higher interest rates and the stronger Canadian dollar".</p>
CN	<p>According to Bloomberg, PBoC is planning to draft packages for financial market opening, such as raising maximum investment ceiling in Chinese financial institutions as well as allowing foreign firms to provide RMB denominated bank card clearing service. Chinese banks still net purchased foreign currency on behalf of clients in August despite rapid appreciation of RMB. Nevertheless, the net purchase amount fell to US\$4.1b, lowest since August 2016. We expect China to record net settlement of foreign currency in Sept after the rapid appreciation of RMB in the beginning of the month.</p>
MA	<p>Moody's commented that Malaysia's "low reserve coverage of external debt is a key risk indicator", noting that current reserve level at \$100.5 billion as of August 2017 is below the adequate level of \$120 billion as calculated using IMF's measures. Elsewhere, note Finance Minister Secretary General Irwan commented that Malaysia is on track to achieve budget deficit of 3.0% of GDP in 2017.</p>
CMD	<p>Crude oil continued to gain with WTI rising past \$50/bbl on intraday trading yesterday before closing lower to \$49.91/bbl. In our opinion, much of the bullish trend has been underpinned by renewed demand prospects, especially given previous rhetoric from key agencies such as OPEC which upgraded their oil demand growth for both 2017 and 2018, as well as IEA's call for global oil demand to climb to its highest since 2015. Gold prices declined starkly as market-watchers eye closely on the 2-day FOMC meeting which commences today, where policy-makers are expected to initiate the Fed's balance sheet reduction programme.</p>

Major Market

- **US:** Equities continued to nudge higher on Monday. Financials rose alongside Treasury yields, while high-yielding utilities fell. Mega-cap tech counters were also pressured by a slide in Apple Inc. Overall, the S&P 500 and Dow advanced 0.15% and 0.28% to respective records, and the Nasdaq Composite added 0.10%. VIX closed essentially unchanged at 10.15. Attention will shift towards the upcoming FOMC meeting, and the impending tightening of global liquidity starting with Fed's balance sheet reduction. As quantitative easing has supported equities in the past years, it remains to be seen if tightening will have an equal, but opposite, effect.
- US Treasury yields picked up further. 2y and 10y yields rose 1-3 bps to 1.39% and 2.23% respectively. Technically, the 10y yield is pushing up against the 100-DMA level. Success against this resistance should open the road towards the 2.30-2.35% region. It is worth noting that global yields have picked up quickly since hitting a low around 8 September, with central banks looking hawkish again. However, inflation measures have remained anemic. It is still out in the open if recent moves will lead to a more sustained upward cycle, or is merely a dead cat bounce.
- **Singapore:** The STI rallied 1.01% to close up at 3241.85 yesterday and may attempt to extend its optimism today as well given positive cues from Wall Street overnight and Nikkei playing catch-up this morning. STI may see resistance and support at 3250 and 3220 respectively. With the UST bond yields backing up another 1-3bps yesterday, the SGS bond market is likely to remain under pressure and tilt towards a steeper yield curve as well.
- **China:** Looking at the breakdown of the data, there have been a few positive signals showing sentiment over RMB has improved. For example, willingness to sell foreign currency, which measured by the ratio of settlement of foreign currency to foreign currency receipts, improved to 62.2% from 62%. Meanwhile, willingness to buy foreign currency fell to 61.5% , lowest since Feb 2014. We expect China to record net settlement of foreign currency in September after the rapid appreciation of RMB in the beginning of the month.
- **Indonesia:** FM Sri Mulyani Indrawati voiced her support for Bank Indonesia's recent dovish stance, noting that the BI is "seeing if there room for them to cut rates" without destabilizing inflation and that she thinks that it "is the right policy that they have taken". This puts Friday's BI meeting in the spotlight.
- **Thailand:** The 1-year swap in mid-Sept has fallen to its lowest since 2009 at 1.11% as market-players await the upcoming Bank of Thailand meeting on 27th Sept. Note that Permanent Secretary of the Finance Minister, Somchai Sujjapongse, commented that the government "would like to see the central bank use monetary policy to support us", adding little concern for lower interest rates to boost inflation pressures. The central bank however, was seen in defending its stance at 1.50%, saying that the current rate facilitates economic growth and cutting it may not necessarily weaken the baht.
- **Hong Kong:** The seasonally adjusted jobless rate remained unchanged at 3.1% over the three months through August. First, the trade sector's unemployment rate decreased from 3.1% in 2Q to 2.8%. Though we are wary of US trade protectionism and an expected slowdown in US economy, HK's trade sector may not face much downward pressure in the coming months as it may prepare for the huge external demand associated with Christmas Holiday. Therefore, we expect the sector's jobless

rate to oscillate around its current strong level. Second, the unemployment rate of the consumption- and tourism-related sector stabilized at its two-year low at 4.6% amid improved tourism activities. Also, wealth effect stemming from a bullish stock market and a resilient housing market has been supporting domestic consumption. Third, financial sector's jobless rate printed 2.1%, a level unseen since September 2014, thanks to a bullish stock market and increasing job opportunities associated with various cross-border investment schemes. All in all, we expect a tight labor market to sustain and continue to bolster domestic consumption.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded little changed yesterday, with the exception of the 5-year, 7-year and 12-year tenors, which traded 1bps higher. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 188bps, while the yield on JACI HY Corp traded little changed at 6.79%. 10Y UST yields rose 2bps to 2.23% as investors await Wednesday's FOMC meeting.
- **New Issues:** Hyundai Capital America has priced a three tranche deal, with the USD300mn 3-year fixed rate bond priced at CT3+122bps, tightening from CT3+140bps; the USD250mn 3-year floating rate bond priced at 3mL+100bps, initial guidance was at LIBOR equivalent; and the USD450mn 5-year fixed rate bond priced at CT5+142bps, tightening from initial guidance of CT5+160bps. Kookmin Bank has priced a USD500mn 5.5-year bond at CT5.5+115bps, tightening from initial guidance of CT5.5+135bps area. The expected issue ratings are 'A+/A1/NR'. KWG Property Holding Ltd has priced a USD250mn 5NC3 bond at 5.2%, tightening from initial guidance of 5.6% area. The expected issue ratings are 'NR/NR/BB-'. Mirvac Group Finance Ltd has priced a USD400mn 9.5-year bond (guaranteed by Mirvac Limited Mirvac Funds Limited as Responsible Entity for the Mirvac Property Trust) at CT9.5+147.5bps, tightening from initial guidance of CT9.5+170bps area. The expected issue ratings are 'BBB+/A3/NR'. Voyage Bonds Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Shougang Group Co Ltd) from 20 Sep. The expected issue ratings are 'NR/NR/A-'. Green Fortune Capital Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Ever Dragon Investments Group Ltd, a wholly-owned subsidiary of APP China Group Ltd) from 19 Sep. Hanjin International Corp has scheduled investor meetings for potential USD bond issuance (guaranteed by The Export-Import Bank of Korea) from 19 Sep. The expected issue ratings are 'NR/Aa2/NR'.
- **Rating Changes:** Moody's has assigned Auswide Bank Ltd (Auswide) an issuer rating, deposit rating, Baseline Credit Assessment (BCA) and adjusted BCA of 'Baa2', as well as a Counterparty Risk Assessment of 'Baa1'. The outlook for the ratings is stable. The rating action reflects Auswide's improving credit profile, supported by tighter credit underwriting, improved asset quality metrics, stable earnings, stronger loan growth, and lower operating costs. However, the ratings are constrained by the bank's relatively high exposure to higher-risk mortgage loans, dependence on wholesale funding, as well as a small and concentrated franchise. Moody's has affirmed CNPC Captive Insurance Company Limited's 'A2' insurance financial strength rating. The outlook is stable. The rating action reflects CNPC Captive Insurance Company Limited's strong capital position relative to risk underwritten, and its highly liquid investment portfolio. Moody's has upgraded Yanzhou Coal Mining Company Limited's (Yanzhou Coal) corporate family rating to 'B1' from 'B2'. Similarly, Moody's has upgraded the senior unsecured

ratings on the bonds issued by Yancoal International Resources Development Co Ltd that Yanzhou Coal guarantees. The outlook is stable. The rating action reflects the significant improvement in Yanzhou Coal's business, as well as Moody's expectation that the company's refinancing risk will be manageable. Fitch has withdrawn Xuzhou Hi-Tech Industrial Development Zone State-Owned Asset Management Co Ltd's (Xuzhou Hi-Tech) 'BB-' Issuer Default Rating. The outlook was stable. Fitch stated that Xuzhou Hi-Tech has chosen to stop participating in the rating process.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.047	0.19%	USD-SGD	1.3478	0.19%
USD-JPY	111.570	0.67%	EUR-SGD	1.6111	0.24%
EUR-USD	1.1954	0.08%	JPY-SGD	1.2080	-0.48%
AUD-USD	0.7958	-0.55%	GBP-SGD	1.8187	-0.55%
GBP-USD	1.3495	-0.73%	AUD-SGD	1.0728	-0.36%
USD-MYR	4.1888	-0.02%	NZD-SGD	0.9788	-0.24%
USD-CNY	6.5752	0.34%	CHF-SGD	1.4014	-0.23%
USD-IDR	13255	0.11%	SGD-MYR	3.1114	-0.12%
USD-VND	22726	0.00%	SGD-CNY	4.8787	0.19%

Equity and Commodity

Index	Value	Net change
DJIA	22,331.35	63.01
S&P	2,503.87	3.64
Nasdaq	6,454.64	6.17
Nikkei 225	19,909.50	--
STI	3,241.85	32.29
KLCI	1,783.66	-2.67
JCI	5,884.61	12.22
Baltic Dry	1,385.00	--
VIX	10.15	--

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.1789	--
2M	-0.3410	--	1M	1.2372	--
3M	-0.3290	--	2M	1.2728	--
6M	-0.2710	--	3M	1.3239	--
9M	-0.2200	--	6M	1.4711	--
12M	-0.1710	--	12M	1.7321	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.28 (+0.01)	1.39 (+0.01)
5Y	1.57 (+0.02)	1.83 (+0.02)
10Y	2.08 (+0.02)	2.23 (+0.03)
15Y	2.38 (+0.02)	--
20Y	2.34 (+0.02)	--
30Y	2.39 (+0.02)	2.80 (+0.03)

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	2.1%	97.9%	2.1%	0.0%	0.0%
11/01/2017	2.9%	97.1%	2.9%	0.0%	0.0%
12/13/2017	50.6%	49.4%	49.1%	1.4%	0.0%
01/31/2018	52.0%	48.0%	49.2%	2.8%	0.0%
03/21/2018	64.5%	35.5%	48.9%	14.9%	0.8%
05/02/2018	64.3%	35.5%	48.7%	14.9%	0.8%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.73	0.21
EURIBOR-OIS	2.88	--
TED	29.74	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.91	0.04%	Copper (per mt)	6,545.5	0.68%
Brent (per barrel)	55.48	-0.25%	Nickel (per mt)	11,164.0	1.40%
Heating Oil (per gallon)	1.7796	-1.07%	Aluminium (per mt)	2,060.3	0.19%
Gasoline (per gallon)	1.6686	0.42%			
Natural Gas (per MMBtu)	3.1460	4.03%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,805.0	-1.96%
			Rubber (JPY/KG)	221.2	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,310.8	-1.09%			
Silver (per oz)	17.156	-3.08%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/18/2017 07:01	UK Rightmove House Prices YoY	Sep	--	1.10%	3.10%	--
09/18/2017 08:30	SI Electronic Exports YoY	Aug	15.00%	21.70%	16.30%	15.30%
09/18/2017 08:30	SI Non-oil Domestic Exports SA MoM	Aug	3.10%	4.50%	-2.50%	-3.30%
09/18/2017 08:30	SI Non-oil Domestic Exports YoY	Aug	11.80%	17.00%	8.50%	7.60%
09/18/2017 09:30	CH China August Property Prices					
09/18/2017 09:30	AU New Motor Vehicle Sales YoY	Aug	--	1.70%	1.80%	1.70%
09/18/2017 15:28	CH FX Net Settlement - Clients CNY	Aug	--	-27.6b	-42.8b	--
09/18/2017 16:00	IT Trade Balance EU	Jul	--	2028m	1219m	1221m
09/18/2017 16:30	HK Unemployment Rate SA	Aug	3.10%	3.10%	3.10%	--
09/18/2017 17:00	EC CPI YoY	Aug F	1.50%	1.50%	1.30%	1.30%
09/18/2017 17:00	EC CPI Core YoY	Aug F	1.20%	1.20%	1.20%	--
09/18/2017 20:30	CA Int'l Securities Transactions	Jul	--	23.95b	-0.92b	-0.86b
09/18/2017 22:00	CA Bloomberg Nanos Confidence	Sep-15	--	58.4	58.4	--
09/18/2017 22:00	US NAHB Housing Market Index	Sep	67	64	68	67
09/19/2017 04:00	US Total Net TIC Flows	Jul	--	-\$7.3b	\$7.7b	\$5.9b
09/19/2017 04:00	US Net Long-term TIC Flows	Jul	--	\$1.3b	\$34.4b	--
09/19/2017 05:00	SK PPI YoY	Aug	--	3.20%	3.00%	--
09/19/2017 06:00	NZ Westpac Consumer Confidence	3Q	--	112.4	113.4	--
09/19/2017 09:30	AU House Price Index QoQ	2Q	1.30%	--	2.20%	--
09/19/2017 09:30	AU House Price Index YoY	2Q	9.20%	--	10.20%	--
09/19/2017 09:30	AU RBA Sept. Rate Meeting Minutes					
09/19/2017 16:00	EC ECB Current Account SA	Jul	--	--	21.2b	--
09/19/2017 16:00	EC Current Account NSA	Jul	--	--	28.1b	--
09/19/2017 16:00	IT Current Account Balance	Jul	--	--	5257m	--
09/19/2017 17:00	EC Construction Output MoM	Jul	--	--	-0.50%	--
09/19/2017 17:00	EC Construction Output YoY	Jul	--	--	3.40%	--
09/19/2017 17:00	GE ZEW Survey Current Situation	Sep	86.2	--	86.7	--
09/19/2017 17:00	EC ZEW Survey Expectations	Sep	--	--	29.3	--
09/19/2017 17:00	GE ZEW Survey Expectations	Sep	12	--	10	--
09/19/2017 20:30	CA Manufacturing Sales MoM	Jul	-1.90%	--	-1.80%	--
09/19/2017 20:30	US Housing Starts	Aug	1174k	--	1155k	--
09/19/2017 20:30	US Housing Starts MoM	Aug	1.70%	--	-4.80%	--
09/19/2017 20:30	US Building Permits	Aug	1220k	--	1223k	1230k
09/19/2017 20:30	US Building Permits MoM	Aug	-0.80%	--	-4.10%	-3.50%
09/19/2017 20:30	US Current Account Balance	2Q	-\$116.0b	--	-\$116.8b	--
09/19/2017 20:30	US Import Price Index MoM	Aug	0.40%	--	0.10%	--
09/19/2017 20:30	US Export Price Index YoY	Aug	--	--	0.80%	--
09/19/2017	HK Composite Interest Rate	Aug	--	--	0.31%	--
09/19/2017	PH BoP Overall	Aug	--	--	-\$678m	--
09/19/2017 09/29	PH Budget Balance PHP	Aug	--	--	-50.5b	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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