

Highlights

Global	<p>Market risk appetite arguably remained in risk-on mode with fresh record prints in the Dow and the S&P, although higher UST and gold overnight suggested investors' need to stay a tad more cautious. Risk appetite was likely supported by the surprisingly low US initial jobless claims (44½ year low), suggesting that the US labour market has seen a strong rebound after hurricane-related decline in employment. However, not all is nice and rosy in other economies – PBOC governor Zhou Xiaochuan warned on asset bubbles even as the second-largest economy's growth slowed to 6.8% in 3Q17, while UK's 3Q retail sales growth was the weakest in four years. Elsewhere, Asian central banks, specifically Bank of Korea and Bank Indonesia, chose to keep rates unchanged at their MPC meetings.</p> <p>A relatively quieter economic calendar awaits us today – look out for US existing home sales and Canada's retail sales print to get more flavour on market appetite. In Asia, Malaysia's foreign reserves and inflation prints, Thailand foreign reserves and Taiwan export orders would likely be on eyed closely later.</p>
CN	<p>PBoC Governor Zhou Xiaochuan reassured yesterday that the broad trend of financial opening will continue, however, there is no special window currently to do that. Meanwhile, he also dismissed speculation on RMB trading band widening and said that RMB trading band widening is not the most urgent thing in the list. PBoC will also continue to use counter cyclical macro prudential measures to keep financial risk in check. China's banking regulator Guo Shuqing also said that it is certain that financial supervision will become tighter in future to strengthen risk management.</p> <p>China's economic growth decelerated slightly to 6.8% yoy in 3Q, down from 6.9% yoy in the second half. The 6.8% growth was largely in line with market consensus although it is shy of 7% expectation by PBoC Governor Zhou Xiaochuan during his speech in IMF World Bank conference published in PBoC website. It seems that China's bond investors particularly care about this 0.2% difference. Bond investors were relived yesterday after the release of China's 3Q GDP with bond yields fell slightly albeit 10-year government bond yield still stayed above 3.7%..</p>
SG	COE premiums were mixed – Category A fell by over \$100 to \$41,617 while Cat B and E rose to \$49,996 and \$52,000, respectively.
KR	The Bank of Korea kept its benchmark rate unchanged at 1.25%, with most policy-makers voting to keep rates unchanged (Lee Il-houng was the sole dissenter as he voted for a rate hike). The central bank raised its 2017 growth outlook to 3.0%, up from July's estimate of 2.8%. Inflation is expected to be in the upper-1% range for some time, while core inflation is pencilled in the mid-1% range before gradually rising from next year.
CMD	A relatively quiet day for commodities gave market-players the impetus to see some profit-taking in crude oil. Both WTI and Brent fell by over a percentage point, though the sticky liquid remains deeply entrenched above its \$50/bbl support handle.

Major Market

- **US:** Equities opened the Thursday session deeply in the red, amid geopolitical concerns in New Zealand and Catalonia. The tech sector was also pressured due to less-than-stellar demand for the iPhone 8. However, equities rose consistently throughout the day, with the S&P 500 and the Dow overcoming the early losses to close marginally in the black. The Nasdaq Composite, however, lost 0.29%. VIX closed at 10.05, after retreating from the day's highs. Meanwhile, US Treasuries rose on risk-off concerns emanating from Europe. The Treasuries market also appear to be fixated on market rumours on Trump's inclinations for the next Fed Chair, with the latest rumour that Jerome Powell being in lead leading to gains. Yields fell around 3 bps, with 2y and 10y benchmarks standing at 1.53% and 2.32% at NY close.
- **China:** Underlying growth data shows that China's economic reform is well on track and growth momentum is stronger than expectation. The contribution of consumption to GDP growth increased further to 64.5% in the first three quarters from 63.4% in the first half while contribution from capital formation remained stable at 32.8%.
- **Hong Kong:** Unemployment rate remained unchanged at 3.1% yoy in the third quarter of 2017. Global recovery and resilient domestic growth have boosted hiring sentiments and helped to sustain a tight labor market. Specifically, jobless rate of the trade sector rose slightly to 2.9% from 2.8%. However, the jobless rate is unlikely to rise beyond 3.0% given positive outlook of the trade sector in the run-up to Christmas Holiday. With regard to the consumption- and tourism-related sector, the unemployment rate dipped to its lowest level since 4Q 2014 at 4.4%. As a bullish stock market and a stable labor market continued to encourage household spending, we expect retail sector's moderate growth to persist and its employment to stabilize at the current level. On the other hand, financial sector's jobless rate slid further to 2.0%, a level unseen since 2Q 2008, due to a bullish stock market and increasing job opportunities associated with new home project launches. All in all, we expect a solid labor market to sustain and the unemployment rate to mark 3.2% for 2017.
- 1-month HIBOR rose for the fourth consecutive trading day to 0.5929% on Oct 19. As a result, the spread between 1-month LIBOR and 1-month HIBOR narrowed to 64.49 bps after peaking at 81.97 bps on Aug 29. Also, 12-month USDHKD forward points, which reflect market expectations on the yield differential, ticked up notably to -440 from around -550. Due to rising speculation that yield differential has peaked, USDHKD briefly dropped below 7.8000. Moving forward, possible additional EFBN issuance, upcoming IPOs and Fed's third rate hike could all translate into upward risks to the HIBOR. Should the HIBOR gradually catches up with the LIBOR, we expect downward risks on the HKD to ease further.
- **Indonesia:** BI kept rates unchanged in its October meeting yesterday, in line with expectations. This statement reiterated that thus decision "was consistent with efforts to maintain macroeconomic and financial system stability", and moreover the current rate "is considered adequate to maintain inflation within the target corridor and current account deficit at a sound level". At this stage, we expect the BI to remain on hold for the rest of the year.
- **Thailand:** Another session of surprisingly strong trade data was seen yesterday. Export growth was higher vs market expectation at 12.2% in September (vs mkt est: 10.8%), while imports decelerated to 9.7%. This brings Thailand's trade surplus to \$3,358 million, the biggest trade surplus since Feb 2016.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 2-3bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 180bps, while the yield on JACI HY Corp traded little changed at 6.80%. 10Y UST yields fell 3bps to 2.32%, as a Politico report stated that Trump was leaning towards Jerome Powell for Fed chair.
- **New Issues:** China Merchants Bank Co has priced a USD 1bn Perp NC5 AT1 at 4.4%, tightening from initial guidance of 4.7% area. The expected issue ratings are 'BB-/NR/NR'. Jiangsu Nantong Sanjian International Co has priced a USD300mn 3-year bond (guaranteed by Jiangsu Nantong Sanjian Construction Group Co) at 7.8%, tightening from initial guidance of 8.25% area. The expected issue ratings are 'NR/B2/NR'. Zhongrong International Resources Co has priced a USD500mn 3-year bond (guaranteed by Zhongrong Xinda Group Co) at 7.25%, tightening from initial guidance of 7.375%. The expected issue ratings are 'BB-/NR/BB'. Kia Motors Corp has priced a two-tranche deal, with the USD600mn 5.5-year bond priced at CT5.5+120bps, tightening from initial guidance of CT5.5+145bps; and the USD300mn 10-year bond priced at CT10+125bps, tightening from initial guidance of CT10+150bps. The expected issue ratings are 'A-/Baa1/NR'. Central Nippon Expressway Company Ltd has priced a two-tranche deal, with the USD425mn 4-year fixed rate bond at MS+56bps, in line with initial guidance of MS+ high 50bps area; and the USD375mn 4-year floating rate bond priced at 3mL+56bps, in line with initial guidance of 3mL+ high 50bps area. The expected issue ratings are 'NR/A1/NR'. GMR Hyderabad International Airport Ltd has priced a USD350mn 10-year bond at 4.25%, tightening from initial guidance of 4.625% area. The expected issue ratings are 'BB+/NR/BB+'. Koh Brothers Group Limited has stated its intention to issue a SGD70mn 5.10% 5-year bond. The notes are expected to be issued on or about 27 Oct. Jiuding Group Finance Co Ltd has set a final guidance for the re-tap of its BJTCJD 6.03'20s at 6.9%, tightening from initial guidance of 7.25% area. Baoxin Auto Finance I Ltd has scheduled investor meetings for potential USD Perp issuance (guaranteed by China Grand Automotive Services Co Ltd and China Grand Automotive Services (Hong Kong) Ltd) from 20 Oct.
- **Rating Changes:** Moody's has affirmed Mitsui & Co Ltd's (Mitsui) 'A3' senior unsecured MTN program rating and 'Baa2' subordinated debt ratings, while revising the outlook to stable from negative. The rating action reflects Moody's expectation that Mitsui's leverage will recover to levels before the commodity price drop, and that the company's cash flow is allocated towards deleveraging. Moody's has affirmed Dah Sing Bank Limited's (Dah Sing Bank) 'A3' long-term deposit rating, baseline credit assessment (BCA) and adjusted BCA, as well as its 'A2' counterparty risk assessments. The outlook has been revised to stable from negative. The rating action reflects Dah Sing Bank's resilient performance despite subdued economic growth in Hong Kong. Fitch has assigned Jinan West City Investment and Development Group Co Ltd (JWC) an issuer default rating of 'BBB'. The outlook is stable. At the same time, Fitch has assigned a senior unsecured rating of 'BBB' to JWC's senior unsecured notes. JWC's ratings are credit linked to, but not equalized with, the rating of Jinan Municipality due to JWC's strategic importance with the municipality, and that JWC receives support from the municipality in the form of land use rights and financial subsidies.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.266	-0.10%	USD-SGD	1.3566	-0.01%
USD-JPY	112.540	-0.35%	EUR-SGD	1.6079	0.54%
EUR-USD	1.1852	0.55%	JPY-SGD	1.2055	0.33%
AUD-USD	0.7878	0.41%	GBP-SGD	1.7852	-0.36%
GBP-USD	1.3159	-0.35%	AUD-SGD	1.0691	0.42%
USD-MYR	4.2235	-0.02%	NZD-SGD	0.9537	-1.73%
USD-CNY	6.6138	-0.21%	CHF-SGD	1.3896	0.53%
USD-IDR	13515	0.01%	SGD-MYR	3.1111	-0.04%
USD-VND	22724	0.02%	SGD-CNY	4.8777	-0.02%

Equity and Commodity

Index	Value	Net change
DJIA	23,163.04	5.44
S&P	2,562.10	0.84
Nasdaq	6,605.07	-19.15
Nikkei 225	21,448.52	85.47
STI	3,334.91	5.88
KLCI	1,743.99	-5.00
JCI	5,910.53	-18.67
Baltic Dry	1,566.00	--
VIX	10.05	--

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1844	--
2M	-0.3390	--	1M	1.2389	--
3M	-0.3290	--	2M	1.2830	--
6M	-0.2740	--	3M	1.3626	--
9M	-0.2210	--	6M	1.5506	--
12M	-0.1830	--	12M	1.8346	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.37 (+0.05)	1.53 (-0.03)
5Y	1.62 (+0.05)	1.95 (-0.04)
10Y	2.11 (+0.07)	2.32 (-0.03)
15Y	2.37 (+0.05)	--
20Y	2.35 (+0.04)	--
30Y	2.41 (+0.02)	2.84 (-0.02)

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	76.7%	76.5%	0.2%	0.0%	0.0%
01/31/2018	77.4%	75.0%	2.4%	0.0%	0.0%
03/21/2018	87.5%	51.6%	34.9%	1.1%	0.0%
05/02/2018	88.0%	50.0%	35.5%	2.4%	0.0%
06/13/2018	91.9%	37.8%	40.2%	13.0%	0.8%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	12.26	0.71
EURIBOR-OIS	2.90	0.20
TED	27.99	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	51.29	-1.44%	Copper (per mt)	6,983.1	-0.33%
Brent (per barrel)	57.23	-1.58%	Nickel (per mt)	11,693.5	0.76%
Heating Oil (per gallon)	1.7767	-1.45%	Aluminium (per mt)	2,143.0	1.73%
Gasoline (per gallon)	1.6447	0.11%			
Natural Gas (per MMBtu)	2.8730	0.67%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,723.0	-0.66%
			Rubber (JPY/KG)	197.6	0.82%
Precious Metals	Futures	% chg			
Gold (per oz)	1,290.0	0.55%			
Silver (per oz)	17.255	1.52%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
10/19/2017 07:50	JN Trade Balance	Sep	¥556.8b	¥670.2b	¥113.6b	¥112.6b
10/19/2017 08:30	AU Employment Change	Sep	15.0k	19.8k	54.2k	53.0k
10/19/2017 08:30	AU Unemployment Rate	Sep	5.60%	5.50%	5.60%	--
10/19/2017 08:30	AU Full Time Employment Change	Sep	--	6.1k	40.1k	39.5k
10/19/2017 08:30	AU Participation Rate	Sep	65.20%	65.20%	65.30%	65.20%
10/19/2017 08:30	AU RBA FX Transactions Market	Sep	--	A\$731m	A\$571m	--
10/19/2017 08:57	SK BoK 7-Day Repo Rate	Oct-19	1.25%	1.25%	1.25%	--
10/19/2017 10:00	CH GDP YoY	3Q	6.80%	6.80%	6.90%	--
10/19/2017 10:00	CH Retail Sales YoY	Sep	10.20%	10.30%	10.10%	--
10/19/2017 10:00	CH Industrial Production YoY	Sep	6.50%	6.60%	6.00%	--
10/19/2017 10:00	CH Industrial Production YTD YoY	Sep	6.70%	6.70%	6.70%	--
10/19/2017 12:00	TH Customs Exports YoY	Sep	10.80%	12.20%	13.20%	--
10/19/2017 12:00	TH Customs Imports YoY	Sep	13.00%	9.70%	14.90%	--
10/19/2017 12:00	TH Customs Trade Balance	Sep	\$2096m	\$3358m	\$2090m	--
10/19/2017 12:30	JN All Industry Activity Index MoM	Aug	0.20%	0.10%	-0.10%	--
10/19/2017 14:00	JN Machine Tool Orders YoY	Sep F	--	45.00%	45.30%	--
10/19/2017 16:00	SI Automobile COE Open Bid Cat A	Oct-19	--	41617	41761	--
10/19/2017 16:00	SI Automobile COE Open Bid Cat B	Oct-19	--	49996	48109	--
10/19/2017 16:30	UK Retail Sales Ex Auto Fuel MoM	Sep	-0.20%	-0.70%	1.00%	0.90%
10/19/2017 16:30	UK Retail Sales Ex Auto Fuel YoY	Sep	2.20%	1.60%	2.80%	2.60%
10/19/2017 16:30	UK Retail Sales Inc Auto Fuel MoM	Sep	-0.10%	-0.80%	1.00%	0.90%
10/19/2017 16:30	UK Retail Sales Inc Auto Fuel YoY	Sep	2.10%	1.20%	2.40%	2.30%
10/19/2017 16:30	HK Unemployment Rate SA	Sep	3.10%	3.10%	3.10%	--
10/19/2017 16:30	HK Composite Interest Rate	Sep	--	0.30%	0.30%	--
10/19/2017 18:38	PH BoP Overall	Sep	--	\$24m	-\$7m	--
10/19/2017 20:30	US Initial Jobless Claims	Oct-14	240k	222k	243k	244k
10/19/2017 20:30	US Continuing Claims	Oct-07	1890k	1888k	1889k	1904k
10/19/2017 20:30	US Fed Business Outlook	Oct	22	27.9	23.8	--
10/19/2017 21:45	US Bloomberg Consumer Comfort	Oct-15	--	51.1	49.5	--
10/19/2017 22:00	US Leading Index	Sep	0.10%	-0.20%	0.40%	--
10/20/2017 10:00	NZ Credit Card Spending YoY	Sep	--	--	6.40%	--
10/20/2017 12:00	MA CPI YoY	Sep	4.30%	--	3.70%	--
10/20/2017 14:00	GE PPI MoM	Sep	0.10%	--	0.20%	--
10/20/2017 14:00	GE PPI YoY	Sep	2.90%	--	2.60%	--
10/20/2017 15:00	MA Foreign Reserves	Oct-13	--	--	\$101.2b	--
10/20/2017 15:30	TH Foreign Reserves	Oct-13	--	--	\$198.6b	--
10/20/2017 16:00	TA Export Orders YoY	Sep	8.90%	--	7.50%	--
10/20/2017 16:30	UK PSNB ex Banking Groups	Sep	6.5b	--	5.7b	--
10/20/2017 20:30	CA CPI NSA MoM	Sep	0.30%	--	0.10%	--
10/20/2017 20:30	CA CPI YoY	Sep	1.70%	--	1.40%	--
10/20/2017 20:30	CA Retail Sales MoM	Aug	0.50%	--	0.40%	--
10/20/2017 20:30	CA Retail Sales Ex Auto MoM	Aug	0.30%	--	0.20%	--
10/20/2017 22:00	US Existing Home Sales	Sep	5.30m	--	5.35m	--
10/20/2017 22:00	US Existing Home Sales MoM	Sep	-0.90%	--	-1.70%	--
10/20/2017 10/24	US Monthly Budget Statement	Sep	\$6.0b	--	\$33.4b	--

Source: Bloomberg

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