

Highlights

Global	<p>Political tensions took a back seat to optimism, seen from the sustained rise in Wall Street while safe haven assets such as Gold, JPY and USTs retreated. As of this morning, Asian bourses have been printing higher vis-à-vis their yesterday's close, suggesting that risk appetite remained buoyant. At least from the geopolitical front, there remains little evidence for a military intervention, despite the ongoing US-Korea military drills. Elsewhere, risk sentiment also improved on renewed hopes of Trump's tax reform; it seems that Congress GOP has moved beyond the six pages proposal on reform published in July. The latest talk by the Republican Congressman shows that the net interest deduction, which usually benefit the big firms, may be eliminated to help pay for business tax cut. In Asia, Bank Indonesia surprised market expectations and delivered a 25bps rate cut to its 7-day reverse repo rate.</p> <p>For today, note that the Hong Kong market is closed given Typhoon Hato. Data-wise, watch out for US New Home Sales, MBA Mortgage Application & Manufacturing PMI prints and EC manufacturing PMI. In Asia, Thailand trade prints, Singapore CPI & COE and TA Industrial Production will also be closely watched for as well.</p>
SG	<p>Inflation data is slated to be out later today, where we pencil headline CPI at 0.8% yoy (0% momsa) and Core CPI at 1.6% yoy.</p>
CN	<p>China announced the plan to rollover CNY600 billion maturing Special bond, including CNY400 billion 7-year bond, priced at 3.6% and CNY200 billion 10-year bond priced at 3.62%. The PBoC said in its website following the announcement of special bond that the issuance has no impact on China's interbank liquidity as the central bank is expected to buy CNY600 billion bonds in the secondary market on the day of issuance. As such, there will be no impact on balance sheets of both central bank and financial institutions.</p>
ID	<p>Bank Indonesia (BI) backed up recent dovish rhetoric with concrete action in yesterday's meeting, cutting the 7-day reverse repo policy rate by 25 bps to 4.50%. The urgency to cut came as a surprise. With inflation rate only marginally below the target 4% and the IDR relatively stable, it appears that anaemic GDP growth data, stuck at around 5% this year, is the main driver of the policy decision.</p>
TH	<p>Trade prints are expected to be out later today, where we pencil exports and imports growth at 8.2% and 11.2%, respectively.</p>
CMD	<p>Gold turns south likely on profit-taking, amid the lack of any military intervention despite the ongoing US-Korea military drills. However, palladium fell after four consecutive days of increase to its 2001-high given strong speculative buying. We note that fundamentals (noting the slowdown in US auto sales in the last two consecutive months to July) do little to explain the recent increase in both palladium and platinum prices. Elsewhere, crude oil prices edged higher as market-watchers digested the supply disruption from Libya amid expectations for US oil stocks to fall further. In Asia, palm oil prices rose to its 5-month high to MYR2,735/MT given fresh market-calls that production may fall again in August.</p>

Major Market

- **US:** Equities staged a rally on Tuesday amid optimism that the Trump administration is getting progress on the tax reform plan, and a major tax announcement might be imminent. A confident speech on the conflict in Afghanistan lifted defence stocks. 10 of 11 sectors in the S&P 500 saw gains, with tech and materials stocks leading the way. Overall, the S&P 500 gained 0.99%, while the Dow and Nasdaq Composite added 0.90% and 1.39% respectively. VIX closed lower at 11.35, compared to 13.19 previously. News on the tax reform plan improved risk sentiments, leading US Treasuries lower. 2y and 10y benchmark yields stood at 1.32% and 2.21%, higher by 2-3 bps. Eyes should shift to the central bankers at Jackson Hole, with both Yellen and Draghi poised to make keynote addresses.
- **Singapore:** STI bucked its six consecutive days of decline and posted a 0.52% gain in yesterday's trading day. Gains were led by Golden Agri-Resources (+4.2%), owing to the starkly higher palm oil prices, as well as Hutchison Port Holdings Trust (+3.5%). Losses were seen in UOL Group (-1.2%), Yangzijiang ShipBuilding (-0.9%) and ComfortDelgro (-0.9%).

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-3bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 189bps, while the yield on JACI HY Corp traded little changed at 6.96%. 10y UST yields rose 3bps to 2.21%, as risk-on sentiment was ignited after the release of a report from Politico which stated that Trump's team have made progress on tax reforms.
- **New Issues:** LS Finance (2017) Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Lifestyle International Holdings Ltd) from 24 Aug. Keong Hong Holdings Limited has announced that it intends to offer at least SGD50mn under its Medium Term Note Programme, following its invitation to purchase its outstanding KEONGH 6%'18s.
- **Rating Changes:** S&P has affirmed Beijing Automotive Group Co Ltd's (BAG) 'A-' corporate credit rating, while revising its outlook to negative from stable. The rating action reflects BAG's weakened competitive advantage as seen through its lower sales due to increased competition in the Chinese passenger market. S&P has affirmed Weichai Power Co Ltd's (Weichai) 'BBB' corporate credit rating and the issue rating of the bond it guarantees. The outlook has been revised to stable from negative. The rating action reflects S&P's expectation that Weichai's debt leverage will improve on the back of good business performance and strong revenue growth as it would benefit from tightening regulations in China. Fitch has upgraded West China Cement Limited's (WCC) Issuer Default Rating (IDR) and senior unsecured rating to 'BB-' from 'B+'. The Outlook on the IDR is Stable. The rating action reflects WCC's increased profitability due to a rise in average selling price, and limited capex spending in the near term.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.545	0.48%	USD-SGD	1.3624	0.12%
USD-JPY	109.570	0.54%	EUR-SGD	1.6024	-0.34%
EUR-USD	1.1762	-0.45%	JPY-SGD	1.2434	-0.41%
AUD-USD	0.7911	-0.35%	GBP-SGD	1.7471	-0.48%
GBP-USD	1.2824	-0.59%	AUD-SGD	1.0779	-0.21%
USD-MYR	4.2825	-0.10%	NZD-SGD	0.9916	-0.52%
USD-CNY	6.6624	-0.05%	CHF-SGD	1.4072	-0.52%
USD-IDR	13344	-0.05%	SGD-MYR	3.1427	-0.03%
USD-VND	22729	0.03%	SGD-CNY	4.8943	-0.10%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.1778	--
2M	-0.3400	--	1M	1.2356	--
3M	-0.3290	--	2M	1.2639	--
6M	-0.2710	--	3M	1.3144	--
9M	-0.2110	--	6M	1.4564	--
12M	-0.1580	--	12M	1.7273	--

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%	99.6%	0.0%	0.0%	0.0%
11/01/2017	2.8%	96.8%	2.8%	0.0%	0.0%
12/13/2017	33.6%	66.2%	32.7%	0.9%	0.0%
01/31/2018	34.1%	65.6%	33.0%	1.2%	0.0%
03/21/2018	51.3%	48.5%	41.5%	9.5%	0.3%
05/02/2018	51.6%	48.2%	41.6%	9.7%	0.4%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.64	0.57%	Copper (per mt)	6,630.4	0.20%
Brent (per barrel)	51.87	0.41%	Nickel (per mt)	11,376.0	0.89%
Heating Oil (per gallon)	1.5912	1.27%	Aluminium (per mt)	2,062.5	-0.33%
Gasoline (per gallon)	1.5908	0.42%			
Natural Gas (per MMBtu)	2.9390	-0.78%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,737.0	0.96%
			Rubber (JPY/KG)	216.5	-0.14%
Precious Metals	Futures	% chg			
Gold (per oz)	1,291.0	-0.44%			
Silver (per oz)	17.060	-0.21%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,899.89	196.14
S&P	2,452.51	24.14
Nasdaq	6,297.48	84.35
Nikkei 225	19,383.84	-9.29
STI	3,263.79	16.80
KLCI	1,774.22	2.60
JCI	5,880.30	19.29
Baltic Dry	1,266.00	--
VIX	11.35	-1.84

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.26 (+0.01)	1.32 (+0.02)
5Y	1.56 (+0.02)	1.78 (+0.03)
10Y	2.13 (+0.02)	2.21 (+0.03)
15Y	2.34 (+0.03)	--
20Y	2.43 (+0.02)	--
30Y	2.48 (+0.03)	2.78 (+0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.49	-0.13
EURIBOR-OIS	2.95	0.06
TED	32.59	--

Economic Calendar

<u>Date Time</u>	<u>Event</u>	<u>Survey</u>	<u>Actual</u>	<u>Prior</u>	<u>Revised</u>	
08/22/2017 15:00	MA Foreign Reserves	Aug-15	--	\$100.4b	\$99.4b	--
08/22/2017 16:00	TA Unemployment Rate	Jul	3.80%	3.78%	3.78%	--
08/22/2017 16:30	HK CPI Composite YoY	Jul	2.00%	2.00%	1.90%	--
08/22/2017 16:30	UK Public Finances (PSNCR)	Jul	--	-3.9b	18.3b	18.4b
08/22/2017 16:30	UK Public Sector Net Borrowing	Jul	0.3b	-0.8b	6.3b	5.7b
08/22/2017 16:30	UK PSNB ex Banking Groups	Jul	1.0b	-0.2b	6.9b	6.2b
08/22/2017 17:00	GE ZEW Survey Current Situation	Aug	85.2	86.7	86.4	--
08/22/2017 17:00	EC ZEW Survey Expectations	Aug	--	29.3	35.6	--
08/22/2017 17:00	GE ZEW Survey Expectations	Aug	15	10	17.5	--
08/22/2017 20:30	CA Retail Sales MoM	Jun	0.20%	0.10%	0.60%	0.005
08/22/2017 20:30	CA Retail Sales Ex Auto MoM	Jun	0.10%	0.70%	-0.10%	--
08/22/2017 21:00	US FHFA House Price Index MoM	Jun	0.50%	0.10%	0.40%	0.003
08/22/2017 22:00	US Richmond Fed Manufact. Index	Aug	10	14	14	--
08/23/2017 08:30	JN Nikkei Japan PMI Mfg	Aug P	--	--	52.1	--
08/23/2017 11:00	TH Customs Exports YoY	Jul	12.00%	--	11.73%	--
08/23/2017 11:00	TH Customs Imports YoY	Jul	13.70%	--	13.74%	--
08/23/2017 11:00	TH Customs Trade Balance	Jul	\$716m	--	\$1917m	--
08/23/2017 12:00	MA CPI YoY	Jul	3.40%	--	3.60%	--
08/23/2017 13:00	SI CPI Core YoY	Jul	1.60%	--	1.50%	--
08/23/2017 13:00	SI CPI YoY	Jul	0.70%	--	0.50%	--
08/23/2017 13:00	SI CPI NSA MoM	Jul	0.20%	--	-0.10%	--
08/23/2017 14:00	JN Machine Tool Orders YoY	Jul F	--	--	0.263	--
08/23/2017 15:00	FR Markit France Manufacturing PMI	Aug P	54.5	--	54.9	--
08/23/2017 15:00	FR Markit France Services PMI	Aug P	55.8	--	56	--
08/23/2017 15:00	FR Markit France Composite PMI	Aug P	55.4	--	55.6	--
08/23/2017 15:30	GE Markit/BME Germany Manufacturing PMI	Aug P	57.6	--	58.1	--
08/23/2017 15:30	GE Markit Germany Services PMI	Aug P	53.3	--	53.1	--
08/23/2017 15:30	GE Markit/BME Germany Composite PMI	Aug P	54.7	--	54.7	--
08/23/2017 16:00	TA Industrial Production YoY	Jul	3.30%	--	3.14%	--
08/23/2017 16:00	EC Markit Eurozone Manufacturing PMI	Aug P	56.3	--	56.6	--
08/23/2017 16:00	SI Automobile COE Open Bid Cat A	Aug-23	--	--	46778	--
08/23/2017 16:00	SI Automobile COE Open Bid Cat B	Aug-23	--	--	53711	--
08/23/2017 16:00	EC Markit Eurozone Services PMI	Aug P	55.4	--	55.4	--
08/23/2017 16:00	EC Markit Eurozone Composite PMI	Aug P	55.5	--	55.7	--
08/23/2017 19:00	US MBA Mortgage Applications	Aug-18	--	--	0.10%	--
08/23/2017 21:45	US Markit US Manufacturing PMI	Aug P	53.5	--	53.3	--
08/23/2017 21:45	US Markit US Services PMI	Aug P	55	--	54.7	--
08/23/2017 21:45	US Markit US Composite PMI	Aug P	--	--	54.6	--
08/23/2017 22:00	US New Home Sales	Jul	610k	--	610k	--
08/23/2017 22:00	US New Home Sales MoM	Jul	0	--	0.008	--
08/23/2017 22:00	EC Consumer Confidence	Aug A	-1.8	--	-1.7	--
08/23/2017	MU Visitor Arrivals	Jul	--	--	2379t	--
08/22/2017 08/24	PH Budget Balance PHP	Jul	--	--	-90.9b	--

Source: Bloomberg

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