

Highlights

Global	<p>Prime Minister Shinzo Abe's gamble on early election paid off as his coalition is expected to keep its two-thirds super majority, which will give Abe a chance to stay in power all the way to 2021. This also suggests that Abenomics centered on easing monetary policy is likely to continue. In addition, the chance for BoJ Governor Kuroda to be reappointed is also higher following Abe's victory. The USDJPY rose higher this morning to test the 114 handle.</p> <p>Elsewhere, news-flow from the EU Summit appeared to be positive on Brexit and was therefore supportive of the GBP. Political desire on both sides of the channel seems to prefer for the talks to advance, with the EU Council President expressing hope for the important trade talks to start in December. Similarly, Merkel was also vocal in supporting the continued advance in talks. From this perspective, PM May may have had a fruitful EU Summit, but it remains to be seen whether the positivity will spread to the actual negotiation process.</p>
US	<p>The US Senate approved a budget resolution for the 2018 fiscal year narrowly, clearing the first hurdle towards passing Trump's tax reform package. This created some optimism in the markets, and provided tailwinds for equities and the USD, both of which saw gains on Friday. However, it should be cautioned that this is just the first, and easiest, step to clear. A difficult road lies ahead, with many opportunities for the package to be derailed along the way. The target will be for Trump to sign it into law before the year is out, otherwise congressional discussion may be hijacked by debt extension debates again.</p> <p>Meanwhile, on the data front, existing home sales printed 5.39m, higher than the consensus estimate of 5.30m. This belied strong fundamental demand, even when demand from the South was negatively affected by the hurricanes.</p>
SG	<p>PM Lee mentioned in a reception at Singapore's Embassy in the U.S that Singapore's economy should see growth of close to 3% for 2017. His confidence was on the back of advance estimates from the upbeat MTI figures earlier this month of a +4.6% 3Q yoy growth.</p> <p>Furthermore, Mr Lee also opined on a S\$19 billion deal between Singapore Airlines and Boeing for at least 39 new planes, with the agreement creating many jobs.</p>
ID	<p>FM Sri Mulyani Indrawati revealed that the ratings agencies are positive on the policy updates and progress in Indonesia. This builds on further sound-bites that the S&P may look to raise Indonesia's rating to BBB from BBB- next year.</p>

Major Market

- **US:** Equities got a boost from the Senate on Friday, as it adopted the 2018 budget resolution, a first step towards the passing of Trump's tax reform package. Moreover, the earnings season thus far had also been largely supportive. The gains on Friday were broad-based, with 9 of 11 industry sectors in the black. Overall, the S&P 500 rose 0.51%, while the Dow and Nasdaq Composite added 0.72% and 0.36% respectively. VIX fell lower to 9.97, compared to 10.05 previously. On the data front this week, watch for PMIs on Tuesday, jobless claims on Thursday, GDP and PCE inflation data on Friday.
- Meanwhile, US Treasuries were sold down on the news of the Senate budget resolution. 2y and 10y benchmark yields rose 5-6 bps to close at 1.58% and 2.38% respectively. Note that speculator positioning for front-end are at record short levels. This week, continue to watch for rumours linked to the next Fed Chair, as Trump is expected to finalize the nomination by early next week. Fedspeak is off this week due to the black-out period ahead of the November FOMC meeting.
- **Macau:** Inflation accelerated to 1.39% in September, the fastest since January 2017. Food inflation continued to pick up traction. Also, clothing and footwear prices continued to rise notably by 3.21% yoy given dearer prices of adults' footwear. However, housing and fuels prices deflated for the 14th consecutive month by 0.27% yoy. The number of non-local workers living in Macau has dropped. This suppresses housing rentals. Given low base effect and higher fuels prices, we expect housing and fuels inflation to return to the positive territory in the near term. Low base effect may also lead to a moderate rebound in CPI in the coming months. Still, the inflationary risks remain contained due to muted external price pressures. We expect CPI to print below 1.5% over 2017.

Bond Market Updates

- **Market Commentary:** The SGD swap curve shifted upwards last Friday, with swap rates trading 4-7bps higher across most tenors. In the broader dollar space, the spread on JACI IG Corp tightened 2bps to 178bps, while the yield on JACI HY Corp rose 2bps to 6.82%. 10Y UST yields rose 7bps to 2.38%, after the US Senate adopted a fiscal 2018 budget resolution, which would allow Republicans to tax code rewrites without Democratic support, thereby smoothing the process of tax cuts.
- **New Issues:** Bank of Jinzhou Co Ltd has priced a USD1.496bn Perp NC5 AT1 at 5.5%, tightening from initial guidance of 5.7% area. The People's Republic of China has scheduled investor meetings for potential USD bond issuance from 25 Oct.
- **Rating Changes:** Moody's has affirmed ESR-REIT's 'Baa3' issuer rating, and the 'Baa3' senior unsecured rating on its debt issuance program and senior unsecured notes drawn down from the program. The outlook has been revised to negative from stable. The rating action reflects Moody's expectation that ESR-REIT's credit profile will weaken following the announcement of its debt-funded purchase of 8 Tuas South Lane. S&P has affirmed Groupe BPCE's (BPCE) 'A' long-term issuer credit rating, as well as all ratings on its subordinated debts, senior non-preferred notes and hybrid capital instruments. At the same time, S&P has affirmed Natixis Australia Pty Ltd's (Natixis) 'A' long-term issuer ratings. The outlook on BPCE and Natixis has been revised to positive from stable. The rating action reflects BPCE's improvement in capital and loss-absorbing capital buffers, and that further improvements could result in upgrades to its ratings.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.701	0.47%	USD-SGD	1.3613	0.35%
USD-JPY	113.520	0.87%	EUR-SGD	1.6045	-0.21%
EUR-USD	1.1784	-0.57%	JPY-SGD	1.1991	-0.53%
AUD-USD	0.7817	-0.77%	GBP-SGD	1.7960	0.60%
GBP-USD	1.3190	0.24%	AUD-SGD	1.0641	-0.47%
USD-MYR	4.2250	0.04%	NZD-SGD	0.9479	-0.61%
USD-CNY	6.6205	0.10%	CHF-SGD	1.3833	-0.45%
USD-IDR	13519	0.03%	SGD-MYR	3.1072	-0.13%
USD-VND	22720	-0.02%	SGD-CNY	4.8650	-0.26%

Equity and Commodity

Index	Value	Net change
DJIA	23,328.63	165.59
S&P	2,575.21	13.11
Nasdaq	6,629.05	23.99
Nikkei 225	21,457.64	9.12
STI	3,340.73	5.82
KLCI	1,740.65	-3.34
JCI	5,929.55	19.02
Baltic Dry	1,578.00	-4.00
VIX	9.97	-0.08

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1844	-0.0006
2M	-0.3400	-0.0010	1M	1.2379	-0.0010
3M	-0.3290	--	2M	1.2950	0.0031
6M	-0.2740	--	3M	1.3648	0.0023
9M	-0.2200	0.0010	6M	1.5549	0.0042
12M	-0.1830	--	12M	1.8312	0.0033

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.41 (+0.04)	1.58 (+0.05)
5Y	1.67 (+0.05)	2.02 (+0.07)
10Y	2.17 (+0.06)	2.38 (+0.07)
15Y	2.42 (+0.05)	--
20Y	2.41 (+0.05)	--
30Y	2.46 (+0.05)	2.90 (+0.06)

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	83.6%	83.4%	0.2%	0.0%	0.0%
01/31/2018	84.4%	80.2%	4.3%	0.0%	0.0%
03/21/2018	91.4%	51.2%	38.2%	1.9%	0.0%
05/02/2018	91.6%	50.0%	38.6%	2.9%	0.1%
06/13/2018	94.1%	37.6%	42.0%	13.6%	0.9%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	11.72	-0.56
EURIBOR-OIS	3.02	0.12
TED	26.18	-1.80

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	51.47	0.35%	Copper (per mt)	6,978.7	-0.06%
Brent (per barrel)	57.75	0.91%	Nickel (per mt)	11,687.0	-0.06%
Heating Oil (per gallon)	1.8052	1.60%	Aluminium (per mt)	2,125.3	-0.83%
Gasoline (per gallon)	1.6781	2.03%			
Natural Gas (per MMBtu)	2.9150	1.46%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,741.0	0.66%
			Rubber (JPY/KG)	197.1	-0.25%
Precious Metals	Futures	% chg			
Gold (per oz)	1,280.5	-0.74%			
Silver (per oz)	17.078	-1.03%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Positioning Update

For the week ended: 17 Oct 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Soybean	81,215	40,614	40,601	Sugar	-66,576	-52,622	-13,954
Natural Gas	-57,953	-81,301	23,348	Corn	-96,318	-82,744	-13,574
Copper	50,488	40,205	10,283	Wheat	-51,198	-42,102	-9,096
Silver	62,928	58,351	4,577	Coffee	-33,063	-24,713	-8,350
Nymex Crude	478,294	474,801	3,493	Gold	209,646	214,539	-4,893
Cocoa	-8,719	-11,846	3,127	Cotton	62,129	66,043	-3,914
Platinum	24,189	21,985	2,204	RBOB Gasoline	68,160	69,187	-1,027
Palladium	22,708	20,678	2,030	Heating Oil	50,813	51,609	-796
Live Cattle	129,869	127,911	1,958	Lean Hogs	59,874	58,676	1,198

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
10/20/2017 10:00	NZ	Credit Card Spending YoY	Sep	--	4.90%	6.40%	--
10/20/2017 12:00	MA	CPI YoY	Sep	4.30%	4.30%	3.70%	--
10/20/2017 14:00	GE	PPI YoY	Sep	2.90%	3.10%	2.60%	--
10/20/2017 15:00	MA	Foreign Reserves	Oct-13	--	\$101.4b	\$101.2b	--
10/20/2017 15:00	JN	Convenience Store Sales YoY	Sep	--	0.00%	-0.90%	--
10/20/2017 15:30	TH	Foreign Reserves	Oct-13	--	\$200.5b	\$198.6b	--
10/20/2017 15:30	TH	Forward Contracts	Oct-13	--	\$31.5b	\$31.4b	--
10/20/2017 16:00	EC	ECB Current Account SA	Aug	--	33.3b	25.1b	31.5b
10/20/2017 16:00	EC	Current Account NSA	Aug	--	29.6b	32.5b	37.1b
10/20/2017 16:00	TA	Export Orders YoY	Sep	8.90%	6.90%	7.50%	--
10/20/2017 16:30	UK	Public Finances (PSNCR)	Sep	--	11.2b	0.0b	0.3b
10/20/2017 16:30	UK	Central Government NCR	Sep	--	19.3b	1.1b	--
10/20/2017 16:30	UK	Public Sector Net Borrowing	Sep	5.7b	5.3b	5.1b	4.1b
10/20/2017 16:30	UK	PSNB ex Banking Groups	Sep	6.5b	5.9b	5.7b	4.7b
10/20/2017 16:33	IT	Current Account Balance	Aug	--	3679m	8625m	--
10/20/2017 20:30	CA	CPI NSA MoM	Sep	0.30%	0.20%	0.10%	--
10/20/2017 20:30	CA	CPI YoY	Sep	1.70%	1.60%	1.40%	--
10/20/2017 20:30	CA	Consumer Price Index	Sep	--	130.8	130.5	--
10/20/2017 20:30	CA	CPI Core- Common YoY%	Sep	--	1.50%	1.50%	--
10/20/2017 20:30	CA	CPI Core- Trim YoY%	Sep	--	1.50%	1.40%	--
10/20/2017 20:30	CA	Retail Sales MoM	Aug	0.50%	-0.30%	0.40%	--
10/20/2017 20:30	CA	Retail Sales Ex Auto MoM	Aug	0.30%	-0.70%	0.20%	--
10/20/2017 22:00	US	Existing Home Sales	Sep	5.30m	5.39m	5.35m	--
10/20/2017 22:00	US	Existing Home Sales MoM	Sep	-0.90%	0.70%	-1.70%	--
10/21/2017 02:00	US	Monthly Budget Statement	Sep	\$6.0b	\$8.0b	\$33.4b	--
10/23/2017 05:00	SK	PPI YoY	Sep	--	3.60%	3.20%	3.30%
10/23/2017 08:00	SK	Exports 20 Days YoY	Oct	--	6.90%	31.10%	--
10/23/2017 13:00	SI	CPI Core YoY	Sep	1.40%	--	1.40%	--
10/23/2017 13:00	JN	Leading Index CI	Aug F	--	--	106.8	--
10/23/2017 13:00	JN	Coincident Index	Aug F	--	--	117.6	--
10/23/2017 13:00	SI	CPI YoY	Sep	0.40%	--	0.40%	--
10/23/2017 13:00	SI	CPI NSA MoM	Sep	0.10%	--	0.30%	--
10/23/2017 13:30	JN	Nationwide Dept Sales YoY	Sep	--	--	2.00%	--
10/23/2017 13:30	JN	Tokyo Dept Store Sales YoY	Sep	--	--	3.60%	--
10/23/2017 16:00	TA	Unemployment Rate	Sep	3.80%	--	3.76%	--
10/23/2017 16:00	TA	Industrial Production YoY	Sep	4.50%	--	3.25%	--
10/23/2017 16:30	HK	CPI Composite YoY	Sep	2.00%	--	1.90%	--
10/23/2017 17:00	EC	Govt Debt/GDP Ratio	2016	--	--	89.20%	--
10/23/2017 18:00	UK	CBI Business Optimism	Oct	--	--	5	--
10/23/2017 18:00	UK	CBI Trends Total Orders	Oct	9	--	7	--
10/23/2017 18:00	UK	CBI Trends Selling Prices	Oct	--	--	18	--
10/23/2017 20:30	CA	Wholesale Trade Sales MoM	Aug	0.50%	--	1.50%	--
10/23/2017 20:30	US	Chicago Fed Nat Activity Index	Sep	-0.1	--	-0.31	--
10/23/2017 22:00	CA	Bloomberg Nanos Confidence	Oct-20	--	--	57.9	--
10/23/2017 22:00	EC	Consumer Confidence	Oct A	-1.1	--	-1.2	--
10/23/2017 10/25	PH	Budget Balance PHP	Sep	--	--	28.8b	--

Source: Bloomberg

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