

Highlights

Global	<p>The mood in Wall Street was a bit sombre amid soft earnings (namely from Chipotle Mexican Grill, AMD, AT&T, Boeing and Dr Pepper Snapple Group), notwithstanding that the stronger than expected US' durable goods orders data (+2.2% in Sep) sent the 10-year Treasury bond yield higher to 2.44% (highest since 20 March). Elsewhere, BOC kept its overnight rate static at 1% as widely expected but a stronger than tipped 3Q17 UK GDP print also raised the hawkish expectations ahead of next week's BOE policy decision.</p> <p>For today, investors will be primed for any ECB announcements to taper its policy stimulus, notably a paring of its monthly asset purchase rate from EUR60b to around EUR30-40b for an extended period of time to later in 2018, as well as retain the forward guidance that interest rates would remain unchanged until "well past" the end of the asset purchases, have already been discounted. However, with ECB's Praet calling for greater communication on the reinvestment portfolio, watch Draghi's press conference as any declaration of a firm end-date to QE and reinvestment strategy could potentially shake markets.</p> <p>Asian bourses are likely to tread cautiously in the interim. Today's economic data calendar comprises US' pending home sales, initial jobless claims and wholesale inventories, HK trade for Sep and S'pore's industrial production. RBA's Debelle is also speaking.</p>
US	<p>As the market speculation about Trump's choice for Fec chair heats up ahead of his 3 Nov deadline, he commented "I would certainly think about it" and "I think she's terrific" when asked about re-nominating Yellen for another term. Meanwhile, a scheduled vote today on the budget resolution may fall at the so-called SALT deduction which some House Republicans are defending. Essentially House Republicans hold 239 seats and need 217 votes to adopt the budget without Democratic support.</p>
CN	<p>The smooth leadership transition failed to stop China's bond market from tumble further yesterday as the fragile sentiment in the bond market was rocked by rumors that CBRC asked one big joint stock bank to cut its interbank liability as percentage of total liability to 25% from currently one third by January 2018. Although it was denied by regulators in the same day, China's 10 year yield ended up at a high of 3.77%. For today, market will look at the issuance of China's dollar sovereign bond.</p>
CA	<p>BOC opined that "while less monetary policy stimulus will likely be required over time, Governing Council will be cautious in making future adjustments to the policy rate. In particular, the Bank will be guided by incoming data to assess the sensitivity of the economy... given our recent history with inflation running below target, we continue to be more preoccupied with the downside risks to inflation"</p>
SG	<p>Industrial production is expected to have expanded by 10% yoy (-7.3% mom sa) in Sep, which is a moderation from the 19.1% yoy (+0.6% mom sa) pace seen in Aug. This comes after a disappointing NODX data (-1.1% yoy amd -11.0% mom sa) in Sep, and could set the tone for potential revisions to the initial 3Q17 GDP growth estimate of 4.6% yoy (+6.3% qoq saar).</p> <p>OCBC reported 3Q net income rose 12% to \$1.06b on higher lending, wealth management and life-insurance businesses.</p>

Major Market

- **US:** Equities fell the most in weeks, after a string of weaker-than-expected earnings from Chipotle and AMD yesterday. This came after a decent run of earnings releases up till last week. The decline was broad-based, with all 11 industrial sectors in the red. The hardest hit were telecommunication and industrial stocks. Overall, the S&P 500 shed 0.47% while the Dow and Nasdaq Composite lost 0.48% and 0.52% respectively. Keep an eye on the tech space tonight as big names like Microsoft, Alphabet, Amazon and Twitter will all be announcing their earnings. The tech sector has had a very decent run this year, and investors would expect earnings to at least match up with the hype.
- Meanwhile, 10y US Treasury yields continue to push away from the 2.40% mark, closing the session at 2.43%. The 10y yield hit an intraday high of 2.47%, before seeing strong buying interest from asset managers and pushing yield back down. If the upward move for the 10y yield persists, the next key junctures will be at 2.48%, a key technical resistance level, then 2.62%, the year-to-date high. 2y benchmark yield stood at 1.60%, up 2 bps.
- **Singapore:** The STI rose 0.28% to close up at 3343.88 yesterday, but may range trade with a soft tone today, amid overnight slippage in Wall Street and morning declines in Kospi. The STI resistance and support are tipped at 3350 and 3330 respectively. With the UST bond yields trading slightly higher overnight, the SGS bond yields may also sustain its upward bias for now.
- **Korea:** Economic growth in 3Q17 surprised higher at 3.6% y/y (vs mkt est: 3.0%, OCBC est: 3.1%). A stellar external environment was once again attributed to as a key driver for growth, with headline GDP growth expanding at its fastest pace since 2010.
- **Indonesia:** The Indonesian parliament approved the 2018 budget proposal, with the fiscal deficit expected to reduce to 2.19% on 2018, compared to 2.67% this year.
- **Commodities:** A surprise gain in US crude oil stocks pressured WTI prices lower (-0.55%) to yesterday's closing of \$52.18/bbl. Crude output reportedly rebounded back after Tropical Storm Nate receded. Note that falling US refinery utilisation (down to 84.5% in recent print vs Aug's 96.3%) rates are expected to trough soon into the 42nd week of the year when refineries gradually restart post their maintenance period. Regardless, the massive fall in US gasoline stocks (-5.5 million barrels) defied market consensus (mkt est: +1.7 million barrels), suggesting that overall energy demand in the US remains supported. Closer to Asia, crude palm oil prices rose past its MYR2,800/MT once again, fueled by a uptick in overall demand amid rising alternative oil prices. Note cargo surveyor Societe Generale de Surveillance reported Malaysia's palm oil product exports growth at 8.3% m/m in the first 25 days of October.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 3-9bps higher across all tenors. This followed the rise in UST yields on Tuesday. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 177bps, while the yield on JACI HY Corp rose 2bps to 6.84%. 10Y UST yields rose 1bps to 2.43%, after dip-buying helped yields ease off session highs of 2.47% and the 5Y auction came in soft.

- **New Issues:** RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) has priced a SGD150 Perp NC5 at 4.60%. The Government of Mongolia has priced a USD800mn 5.5-year bond at 5.625%, tightening from initial guidance of 6.125%. The expected issue ratings are 'B-/B-/NR'. Korea Housing Finance Corporation has priced a USD500mn 5-year covered bond at CT5+100bps, tightening from initial guidance of CT5+125bps area. The expected issue ratings are 'NR/Aa1/NR'. Korean Air Lines Co Ltd has priced a USD30mn 3-year bond at 3mL+95bps (guaranteed by Shinhan Bank Co Ltd).
- **Rating Changes:** Moody's has assigned Heungkuk Life Insurance Co Ltd's (Heungkuk Life) an insurance financial strength rating of 'Baa1'. At the same time, Moody's assigned a 'Baa3' rating to Heungkuk's proposed subordinated capital securities issuance. The outlook is stable. The rating action reflects Heungkuk Life's low interest rate risk, balanced distribution channels and conservative investment portfolio.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.711	-0.07%	USD-SGD	1.3605	-0.15%
USD-JPY	113.740	-0.14%	EUR-SGD	1.6071	0.29%
EUR-USD	1.1813	0.44%	JPY-SGD	1.1961	-0.01%
AUD-USD	0.7704	-0.93%	GBP-SGD	1.8042	0.82%
GBP-USD	1.3262	0.97%	AUD-SGD	1.0481	-1.09%
USD-MYR	4.2352	0.08%	NZD-SGD	0.9372	-0.44%
USD-CNY	6.6391	0.05%	CHF-SGD	1.3748	--
USD-IDR	13578	0.33%	SGD-MYR	3.1062	-0.10%
USD-VND	22720	0.01%	SGD-CNY	4.8778	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1844	--
2M	-0.3390	--	1M	1.2396	--
3M	-0.3300	--	2M	1.3043	--
6M	-0.2740	--	3M	1.3706	--
9M	-0.2200	--	6M	1.5644	--
12M	-0.1830	--	12M	1.8346	--

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	84.1%	81.5%	2.6%	0.0%	0.0%
03/21/2018	92.2%	48.1%	42.8%	1.3%	0.0%
05/02/2018	92.6%	46.1%	43.1%	3.4%	0.1%
06/13/2018	95.1%	32.8%	44.1%	17.0%	1.2%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	52.18	-0.55%	Copper (per mt)	7,017.3	-0.47%
Brent (per barrel)	58.44	0.19%	Nickel (per mt)	11,825.0	-1.03%
Heating Oil (per gallon)	1.8182	-0.21%	Aluminium (per mt)	2,176.8	1.50%
Gasoline (per gallon)	1.7348	1.13%			
Natural Gas (per MMBtu)	2.9190	-1.85%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,805.0	1.01%
			Rubber (JPY/KG)	199.5	0.61%
Precious Metals	Futures	% chg			
Gold (per oz)	1,279.0	0.05%			
Silver (per oz)	16.925	-0.24%			

Equity and Commodity

Index	Value	Net change
DJIA	23,329.46	-112.30
S&P	2,557.15	-11.98
Nasdaq	6,563.89	-34.54
Nikkei 225	21,707.62	-97.55
STI	3,343.88	9.21
KLCI	1,739.05	2.91
JCI	6,025.43	73.36
Baltic Dry	1,588.00	--
VIX	11.23	0.07

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.48 (+0.05)	1.60 (+0.01)
5Y	1.77 (+0.06)	2.04 (--)
10Y	2.28 (+0.05)	2.43 (+0.01)
15Y	2.52 (+0.05)	--
20Y	2.51 (+0.05)	--
30Y	2.57 (+0.06)	2.94 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	11.07	-0.33
EURIBOR-OIS	2.58	0.05
TED	25.98	--

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
10/25/2017 08:30	AU CPI QoQ	3Q	0.80%	0.60%	0.20%	--
10/25/2017 08:30	AU CPI YoY	3Q	2.00%	1.80%	1.90%	--
10/25/2017 08:30	AU CPI Trimmed Mean QoQ	3Q	0.50%	0.40%	0.50%	--
10/25/2017 08:30	AU CPI Trimmed Mean YoY	3Q	2.00%	1.80%	1.80%	--
10/25/2017 16:00	GE IFO Business Climate	Oct	115.1	116.7	115.2	115.3
10/25/2017 16:00	GE IFO Expectations	Oct	107.3	109.1	107.4	107.5
10/25/2017 16:00	GE IFO Current Assessment	Oct	123.5	124.8	123.6	123.7
10/25/2017 16:00	IT Industrial Orders MoM	Aug	--	8.70%	0.20%	0.40%
10/25/2017 16:00	IT Industrial Orders NSA YoY	Aug	--	12.20%	10.10%	--
10/25/2017 16:30	UK UK Finance Loans for Housing	Sep	41800	41584	41807	41762
10/25/2017 16:30	UK GDP QoQ	3Q A	0.30%	0.40%	0.30%	--
10/25/2017 16:30	UK GDP YoY	3Q A	1.50%	1.50%	1.50%	--
10/25/2017 19:00	US MBA Mortgage Applications	Oct-20	--	-4.60%	3.60%	--
10/25/2017 20:30	US Durable Goods Orders	Sep P	1.00%	2.20%	2.00%	--
10/25/2017 20:30	US Durables Ex Transportation	Sep P	0.50%	0.70%	0.50%	0.70%
10/25/2017 20:30	US Cap Goods Orders Nondef Ex Air	Sep P	0.30%	1.30%	1.10%	1.30%
10/25/2017 20:30	US Cap Goods Ship Nondef Ex Air	Sep P	0.10%	0.70%	1.10%	1.20%
10/25/2017 21:00	US FHFA House Price Index MoM	Aug	0.40%	0.70%	0.20%	0.40%
10/25/2017 22:00	CA Bank of Canada Rate Decision	Oct-25	1.00%	1.00%	1.00%	--
10/25/2017 22:00	US New Home Sales	Sep	554k	667k	560k	561k
10/25/2017 22:00	US New Home Sales MoM	Sep	-1.10%	18.90%	-3.40%	-3.60%
10/26/2017 05:45	NZ Trade Balance NZD	Sep	-900m	-1143m	-1235m	-1179m
10/26/2017 05:45	NZ Exports NZD	Sep	3.90b	3.78b	3.69b	3.68b
10/26/2017 05:45	NZ Imports NZD	Sep	4.88b	4.92b	4.92b	4.86b
10/26/2017 07:00	SK GDP SA QoQ	3Q P	0.90%	1.40%	0.60%	--
10/26/2017 07:00	SK GDP YoY	3Q P	3.00%	3.60%	2.70%	--
10/26/2017 13:00	SI Industrial Production YoY	Sep	10.00%	--	19.10%	--
10/26/2017 13:00	SI Industrial Production SA MoM	Sep	-7.30%	--	0.60%	--
10/26/2017 14:00	GE GfK Consumer Confidence	Nov	10.8	--	10.8	--
10/26/2017 16:00	EC M3 Money Supply YoY	Sep	5.00%	--	5.00%	--
10/26/2017 16:00	IT Economic Sentiment	Oct	--	--	108	--
10/26/2017 16:00	IT Manufacturing Confidence	Oct	110	--	110.4	--
10/26/2017 16:00	IT Consumer Confidence Index	Oct	114.9	--	115.5	--
10/26/2017 16:30	HK Exports YoY	Sep	5.90%	--	7.40%	--
10/26/2017 16:30	HK Imports YoY	Sep	5.00%	--	7.70%	--
10/26/2017 19:45	EC ECB Main Refinancing Rate	Oct-26	0.00%	--	0.00%	--
10/26/2017 19:45	EC ECB Marginal Lending Facility	Oct-26	0.25%	--	0.25%	--
10/26/2017 19:45	EC ECB Deposit Facility Rate	Oct-26	-0.40%	--	-0.40%	--
10/26/2017 20:30	US Initial Jobless Claims	Oct-21	235k	--	222k	--
10/26/2017 20:30	US Continuing Claims	Oct-14	1890k	--	1888k	--
10/26/2017 20:30	US Wholesale Inventories MoM	Sep P	0.40%	--	0.90%	--
10/26/2017 21:45	US Bloomberg Consumer Comfort	Oct-22	--	--	51.1	--
10/26/2017 22:00	US Pending Home Sales MoM	Sep	0.40%	--	-2.60%	--
10/25/2017 10/31	VN CPI YoY	Oct	3.10%	--	3.40%	--
10/25/2017 10/31	VN Exports YTD YoY	Oct	20.60%	--	19.80%	--

Source: Bloomberg

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