

Highlights

Global	<p>Wall Street continued to touch new highs on Trump's tax-plan fuelled optimism, even though the USD retreated on concerns that US tax reform could weigh on the US budget deficit even though US Treasury Secretary Mnuchin opined that 3% growth was "very, very doable" under . Over in Asia, Japan's core consumer prices rose 0.7% yoy in August amid a tight labour market with unemployment at 2.8%, whilst Indonesia's central bank BI said it would guard the IDR as it neared a 10-month low which was attributed to USD strength and Fed chair Yellen's earlier hawkish comments.</p> <p>Asian bourses may be susceptible to some month-end profit taking interest after a strong quarter performance. The economic data calendar comprises of US' core PCE deflator, Chicago Purchasing Managers index and the final Sep reading for University of Michigan sentiments, German unemployment data, UK's final 2Q17 GDP growth print, Thai trade data, and S'pore's Aug bank loans growth (after July printed at a slower pace of 5.9% for the first time this year).</p>
US	<p>The US economy expanded 3.1% annualised rate in 2Q17. Meanwhile, initial jobless claims rose 12k to 272k, with the four-week average also climbing to its highest since Feb 2016, likely reflecting some of the impact from Hurricane Irma. Wholesale inventories also rose more than expected by 1.0% mom in Aug, while the merchandise-trade deficit narrowed to US\$62.9b in August, the smallest in 10 months.</p>
EZ	<p>Eurozone's consumer confidence surged from 111.9 in Aug to 113 in Sep, the highest in a decade. However, German GfK consumer confidence unexpectedly retreated from 10.9 in Sep to 10.8 in Oct.</p>
SG	<p>The government will bring forward \$700m of public amenity projects to this year and 2018, according to a ST report.</p>
KR	<p>In yet another print that suggest robust S. Korea's economic performance, its domestic industrial production growth surged to 2.7% (versus market expectations at 1.3%), its highest since March 2017. Overall performance was supported by the uptick in automobile production (+14.8%) and ICT (+5.3%).</p>
ID	<p>The IDR weakened to year-to-date lows at 13560 against the USD intraday yesterday, amid broad USD strength in recent sessions. With intermittent interventions from Bank Indonesia, the IDR recovered to the 13500 region. BI official Dody Budi Waluyo pledged to guard the currency and maintained the year-end target of 13420. 13600, the Dec 2016 high for USD-IDR, may be a key level to watch on this front.</p>
TH	<p>Thailand's Fiscal Policy Office (FPO) commented that GDP is likely to achieve 3.8% growth as forecasted by the Bank of Thailand, underpinned by its strong export performance. The FPO is slated to review and officially announce its revised GDP growth outlook later next month.</p>
CMD	<p>Some profit-taking in crude oil was seen overnight, with WTI and Brent at \$51.56/bbl (-1.1%) and \$57.41/bbl (-0.85%), respectively. Gold was flat after touching its lowest since August and is likely to point further south as investors anticipate another Fed rate hike later this year. In Asia, note that palm oil futures fell for the second day to its lowest in four days.</p>

Major Market

- **US:** Equities consolidated gains after digesting the implications of Trump's tax cut plan. 2Q GDP figures also came in within expectations, supporting the broad market. Overall, the S&P 500 and Dow rose 0.12% and 0.18% respectively, while the Nasdaq Composite was unchanged. The S&P 500 clocked yet another record high at 2510.06. VIX continued to slip to record lows, closing at 9.55 compared to 9.87 previously. US Treasuries rebounded amidst background noise about potential North Korea provocations. 2y and 10y benchmark yields slipped to 1.45% and 2.31% respectively.
- **Singapore:** The STI slipped 0.28% to close at 3227.14 yesterday and may consolidate today, with support and resistance tipped at 3200 and 3240 respectively, as month-end profit-taking may emerge ahead of China's Golden Week holidays. Morning leads from Nikkei and Kospi are also mixed. With the bull-steepening in the UST bond yield curve overnight back to pre-FOMC levels following the strong 7-year auction, SGS bonds may also unwind some of the bear-steepening bias seen yesterday.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 2-9bps higher across most tenors. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 185bps, while the yield on JACI HY Corp rose 4bps to 6.86%. 10Y UST yields traded little changed at 2.31%, despite GDP data coming in stronger than expected.
- **New Issues:** FCL Treasury Pte Ltd has priced a SGD42mn re-tap of its FCLSP 3.95%-PERP at 100. Industrial and Commercial Bank of China Ltd, Luxembourg Branch has priced a three-tranche deal, with the USD450mn 3-year floating rate note priced at 3mL+77bps, tightening from initial guidance of 3mL+100bps, the USD400mn 5-year fixed rate note priced at CT5+99bps, tightening from initial guidance of CT5+120bps, and the EUR1.1bn 3-year floating rate note priced at 3mE+55bps, tightening from initial guidance of 3mE+75bps. The expected issue ratings are 'NR/A1/NR'. New Lion Bridge Co Ltd has priced a USD160mn 3NC2 bond (guaranteed by Lionbridge Capital Co Ltd) at 9.75%, in line with final guidance of 9.75%. The expected issue ratings are 'NR/B2/B'. Overseas Chinese Town (Asia) Holdings Ltd has priced a USD800mn Perp NC3 (guaranteed by Overseas Chinese Town Enterprises Company) at 4.35%, tightening from initial guidance of 4.75% area. Yinson Juniper Ltd has priced a USD100mn Perp NC5 (guaranteed by Yinson Holdings Berhad) at 7.875%, tightening from initial guidance of 8% area. Top Yield Ventures Ltd may be pricing a USD3.5-year bond (guaranteed by Nan Hai Corporation Ltd) today. The expected issue ratings are 'NR/B2/NR'.
- **Rating Changes:** S&P has downgraded CITIC Ltd and CITIC Group Corp's corporate credit rating to 'BBB+' from 'A-'. The outlook is stable. The rating action follows the revision of the economic risk score under S&P's Banking Industry Risk Assessment of China. S&P believes the heightened credit risk in China reduced CITIC Bank's capital buffer, thus increasing the relative credit risk of CITIC Group and CITIC Ltd. Moody's has affirmed HSBC Bank Australia Ltd's (HBAU) long-term deposit, issuer, senior unsecured ratings and adjusted baseline credit assessment (BCA) at 'A1', BCA at 'Baa1', and counterparty risk assessment (CRA) at 'Aa3'. The outlook have been revised to stable from negative. The ratings on HBAU were affirmed despite the downgrade of its parent, The Hongkong and Shanghai Banking Corp Ltd, as the bank

has a conservative funding profile that is centred on deposits. Similarly, Moody's has affirmed HSBC Bank Malaysia Berhad's (HSBCM) 'A1' local currency and 'A3' foreign currency deposit ratings, 'Baa1' BCA, and 'A1' BCA and CRA. The outlook has been revised to stable from negative. Moody's affirmed the rating on HSBCM despite the downgrade on its parent, as HSBCM has a solid liquidity profile, good deposit franchise and favourable funding structure, with a low reliance on market sensitive funding sources. Moody's has affirmed Japan Logistics Fund Inc's (JLF) 'A1' issuer rating, while changing its rating outlook to negative from stable. The rating action reflects the rise in JLF's leverage as a result of a series of property acquisitions this year. Moody's has assigned Yiwu State-owned Capital Operation Co Ltd (YWSCOC) a 'Baa3' issuer rating. The outlook is stable. The rating combines YWSCOC's 'Ba3' baseline credit assessment with a three-notch uplift as it is 100% owned by the Yiwu government. YWSCOC's BCA is driven by its diversified business profile, which consolidates the majority of Yiwu city's state-owned operating assets; the stable recurring rental income from its commodity trading centres; and its strong access to domestic funding. However, the rating is constrained by its high debt leverage.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.085	-0.30%	USD-SGD	1.3578	-0.12%
USD-JPY	112.340	-0.44%	EUR-SGD	1.6004	0.23%
EUR-USD	1.1786	0.35%	JPY-SGD	1.2088	0.29%
AUD-USD	0.7856	0.09%	GBP-SGD	1.8253	0.32%
GBP-USD	1.3442	0.41%	AUD-SGD	1.0667	-0.06%
USD-MYR	4.2315	0.24%	NZD-SGD	0.9827	0.37%
USD-CNY	6.6608	0.28%	CHF-SGD	1.3997	0.07%
USD-IDR	13515	0.52%	SGD-MYR	3.1067	0.12%
USD-VND	22727	0.00%	SGD-CNY	4.9033	0.26%

Equity and Commodity

Index	Value	Net change
DJIA	22,381.20	40.49
S&P	2,510.06	3.02
Nasdaq	6,453.45	0.19
Nikkei 225	20,363.11	96.06
STI	3,227.14	-9.01
KLCI	1,758.06	-6.18
JCI	5,841.05	-21.98
Baltic Dry	1,429.00	--
VIX	9.55	-0.32

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1800	--
2M	-0.3390	--	1M	1.2350	--
3M	-0.3290	--	2M	1.2722	--
6M	-0.2730	--	3M	1.3328	--
9M	-0.2190	--	6M	1.5039	--
12M	-0.1710	--	12M	1.7854	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.42 (--)	1.45 (-0.02)
5Y	1.69 (+0.02)	1.89 (-0.01)
10Y	2.21 (+0.02)	2.31 (--)
15Y	2.50 (+0.03)	--
20Y	2.49 (+0.04)	--
30Y	2.56 (+0.06)	2.87 (+0.01)

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	0.8%	0.8%	0.0%	0.0%	0.0%
12/13/2017	66.6%	66.1%	0.5%	0.0%	0.0%
01/31/2018	67.5%	65.1%	2.4%	0.0%	0.0%
03/21/2018	78.0%	54.6%	22.7%	0.8%	0.0%
05/02/2018	78.4%	54.0%	23.3%	1.2%	0.0%
06/13/2018	84.9%	44.3%	32.4%	7.7%	0.4%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.96	-0.52
EURIBOR-OIS	2.10	-0.78
TED	27.69	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	51.56	-1.11%	Copper (per mt)	6,572.0	1.76%
Brent (per barrel)	57.41	-0.85%	Nickel (per mt)	10,373.0	1.95%
Heating Oil (per gallon)	1.8320	-0.77%	Aluminium (per mt)	2,109.8	-0.01%
Gasoline (per gallon)	1.6318	-1.34%			
Natural Gas (per MMBtu)	3.0170	1.45%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,705.0	-1.53%
			Rubber (JPY/KG)	205.8	-5.47%
Precious Metals	Futures	% chg			
Gold (per oz)	1,288.7	0.07%			
Silver (per oz)	16.847	0.12%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
09/28/2017 07:00	SK	CPI YoY	Sep	2.20%	2.10%	2.60%	--
09/28/2017 14:00	GE	GfK Consumer Confidence	Oct	11	10.8	10.9	--
09/28/2017 20:00	GE	CPI YoY	Sep P	1.80%	1.80%	1.80%	--
09/28/2017 20:30	US	GDP Annualized QoQ	2Q T	3.00%	3.10%	3.00%	--
09/28/2017 20:30	US	Personal Consumption	2Q T	3.30%	3.30%	3.30%	--
09/28/2017 20:30	US	GDP Price Index	2Q T	1.00%	1.00%	1.00%	--
09/28/2017 20:30	US	Core PCE QoQ	2Q T	0.90%	0.90%	0.90%	--
09/28/2017 20:30	US	Initial Jobless Claims	Sep-23	270k	272k	259k	260k
09/28/2017 20:30	US	Continuing Claims	Sep-16	1993k	1934k	1980k	1979k
09/28/2017 20:30	US	Wholesale Inventories MoM	Aug P	0.40%	1.00%	0.60%	--
09/28/2017 21:45	US	Bloomberg Consumer Comfort	Sep-24	--	51.6	50.6	--
09/29/2017 05:00	SK	Business Survey Manufacturing	Oct	--	79	83	--
09/29/2017 05:45	NZ	Building Permits MoM	Aug	--	10.20%	-0.70%	1.70%
09/29/2017 07:00	SK	BoP Current Account Balance	Aug	--	\$6061.1m	\$7261.3m	--
09/29/2017 07:00	SK	Industrial Production YoY	Aug	1.30%	2.70%	0.10%	-0.20%
09/29/2017 07:30	JN	Jobless Rate	Aug	2.80%	--	2.80%	--
09/29/2017 07:30	JN	Job-To-Applicant Ratio	Aug	1.53	--	1.52	--
09/29/2017 07:30	JN	Natl CPI YoY	Aug	0.60%	--	0.40%	--
09/29/2017 07:30	JN	Natl CPI Ex Fresh Food YoY	Aug	0.70%	--	0.50%	--
09/29/2017 07:30	JN	Tokyo CPI YoY	Sep	0.60%	--	0.50%	--
09/29/2017 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Sep	0.50%	--	0.40%	--
09/29/2017 07:50	JN	Retail Trade YoY	Aug	2.50%	--	1.90%	1.80%
09/29/2017 07:50	JN	Industrial Production YoY	Aug P	5.20%	--	4.70%	--
09/29/2017 09:30	AU	Private Sector Credit MoM	Aug	0.50%	--	0.50%	--
09/29/2017 09:30	AU	Private Sector Credit YoY	Aug	5.50%	--	5.30%	--
09/29/2017 10:00	VN	Exports YTD YoY	Sep	19.50%	--	17.90%	--
09/29/2017 10:00	VN	CPI YoY	Sep	3.40%	--	3.35%	--
09/29/2017 13:00	JN	Housing Starts YoY	Aug	0.60%	--	-2.30%	--
09/29/2017 14:00	GE	Retail Sales MoM	Aug	0.50%	--	-1.20%	--
09/29/2017 14:00	GE	Retail Sales YoY	Aug	3.20%	--	2.70%	--
09/29/2017 14:00	UK	Nationwide House PX MoM	Sep	0.10%	--	-0.10%	--
09/29/2017 14:00	UK	Nationwide House Px NSA YoY	Sep	1.90%	--	2.10%	--
09/29/2017 14:45	FR	CPI EU Harmonized YoY	Sep P	1.00%	--	1.00%	--
09/29/2017 14:45	FR	CPI YoY	Sep P	1.00%	--	0.90%	--
09/29/2017 15:30	TH	Foreign Reserves	Sep-22	--	--	\$200.1b	--
09/29/2017 15:30	TH	Exports YoY	Aug	--	--	8.00%	--
09/29/2017 15:30	TH	BoP Current Account Balance	Aug	\$3000m	--	\$2768m	--
09/29/2017 15:55	GE	Unemployment Change (000's)	Sep	-5k	--	-5k	--
09/29/2017 15:55	GE	Unemployment Claims Rate SA	Sep	5.70%	--	5.70%	--
09/29/2017 16:30	UK	Mortgage Approvals	Aug	67.3k	--	68.7k	--
09/29/2017 16:30	UK	GDP YoY	2Q F	1.70%	--	1.70%	--
09/29/2017 17:00	IT	CPI NIC incl. tobacco MoM	Sep P	-0.20%	--	0.30%	--
09/29/2017 17:00	IT	CPI NIC incl. tobacco YoY	Sep P	1.30%	--	1.20%	--
09/29/2017 17:00	IT	CPI EU Harmonized MoM	Sep P	1.80%	--	0.10%	--
09/29/2017 17:00	IT	CPI EU Harmonized YoY	Sep P	1.40%	--	1.40%	--
09/29/2017 17:00	EC	CPI Estimate YoY	Sep	1.60%	--	1.50%	--
09/29/2017 17:00	EC	CPI Core YoY	Sep A	1.20%	--	1.20%	--
09/29/2017 20:30	CA	GDP MoM	Jul	0.10%	--	0.30%	--
09/29/2017 20:30	US	Personal Income	Aug	0.20%	--	0.40%	--
09/29/2017 20:30	CA	Industrial Product Price MoM	Aug	0.50%	--	-1.50%	--
09/29/2017 20:30	US	Personal Spending	Aug	0.10%	--	0.30%	--
09/29/2017 21:45	US	Chicago Purchasing Manager	Sep	58.7	--	58.9	--
09/29/2017 22:00	US	U. of Mich. Sentiment	Sep F	95.3	--	95.3	--

Source: Bloomberg

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