

Highlights

Global	<p>News of Trump's phone call with Xi and the comment that trade talks are "going nicely" may reignite investors' hope for the upcoming meeting at the G20. Wall Street extended its run of gains, however Apple's holiday guidance weighed in extended trading. Meanwhile, UST bond yields and the USD fell amid a weaker-than-expected manufacturing ISM data and uncertainties ahead of the upcoming US mid-term elections. Oil prices also slumped on the back of Iranian sanction waivers and higher US and OPEC supply. Elsewhere, BOE kept its benchmark rate unchanged at 0.75%, with governor Carney citing that the inflation outlook would depend on Brexit and GBP, and called for the EU to act to avoid a no-deal as "we need to move from comments to actual legal certainty", albeit he warned that a no-deal could trigger a supply shock that pushes up inflation and warrant a rate hike. There was also a FT report that the EU will explore an Irish backstop compromise with the UK, which lent a lift to the GBP.</p> <p>Asian bourses may continue to trade with a firm tone today. Key to watch would be Malaysia' budget announcement where investors will be anticipating some fiscal slippage, but the extent and trajectory will be important. Note Malaysia's CDS has widened from a low of 50.5bps at the start of 2018 to around 113bp currently, although this is still relatively muted compared to the 2015 high of 247bps. The economic data calendar is also full with US' nonfarm payrolls (where market is tipping a rebound to 200k versus Sep's 134k), unemployment rate (likely unchanged at 3.7%), average hourly earnings (may accelerate to 3.1% yoy), Sep factory orders and durable goods orders, European manufacturing PMIs, German import prices, Thai foreign reserves, and S'pore's manufacturing and electronics PMIs. Speakers include ECB's Nowotny and Rehn.</p>
US	<p>The manufacturing ISM fell to a 6-month low of 57.7 in Oct, down from 59.8 in Sep, with the employment and new order gauges both declining to 56.8 and 57.4 respectively amid rising trade tensions, but the prices paid gauge jumped from 66.9 to 71.6 amid major storms, supply-chain bottlenecks and as "import tariffs and counter-tariffs are the biggest inhibitor to the expansion in manufacturing". Initial jobless claims fell 2k to 214k, while construction spending was flat in Sep after an upwardly revised 0.8% gain in Aug. Fed chair Powell opined that "from an economic growth standpoint, reduced immigration would result in lower population growth and thus, all else equal, slower trend economic growth" in a written response to a Senator.</p>
SG	<p>The manufacturing and electronics PMIs are likely to moderate from the Sep prints of 52.4 and 51.4 respectively given the trade headwinds and moderating electronics momentum.</p>
MY	<p>The government will be presenting the budget today with wide market expectations that there is likely to be a fiscal slippage but the extent and trajectory would be important. This will be the first budget under the new Pakatan Harapan administration with the government already stating in the mid-term review of the 11th Malaysia Plan that the fiscal deficit would be at 3.0% of GDP in 2020.</p>

Major Markets

- **US:** Wall Street edged higher on Thursday, with all 3 major indexes closing up on the first day of November and recording their third consecutive gain. The S&P500 and DJIA both rose 1.06%, while the Nasdaq composite climbed 1.75%. Fresh progress on the trade front between US president Trump and his China counterpart Xi likely buoyed investor sentiment as Trump tweeted about discussions with China “moving along nicely”, and that meetings were being scheduled for the upcoming G20 summit in Argentina at the end of this month.
- DowDuPont surged 8.07% (its largest daily gain in almost 3 years) after the chemical behemoth reported higher revenue on the back of China and the automotive market. CEO Ed Breen also raised cost-saving targets to \$3.6bn, and the firm announced that it will repurchase \$3bn worth of shares before its split on 1 April next year.
- Spotify shares slumped 5.70% as the music streaming giant reiterated its continued goal to prioritise revenue growth over profitability for years to come.
- **Singapore:** The STI gained a further 1.39% to close up at 3060.85 yesterday and may attempt to extend gains further given positive overnight leads from Wall Street and morning gains in Nikkei and Kospi, but watch if any profit-taking interest may start to seep in ahead of the weekend. STI's support and resistance are tipped at 3030 and 3100. With the UST bond yields softer overnight, SGS bonds may continue to see a biddish tone after the month-end.
- **Indonesia:** Headline inflation remained moderate at 3.16% yoy for October (Sept 2018: 2.88% yoy) whilst core inflation stood at 2.94% yoy (Sept 2018: 2.82% yoy). Meanwhile, the DNDF began actively trading yesterday 1st November 2018. The value of the USD – IDR ended yesterday lower by 0.49%.
- **Thailand:** Headline inflation remained subdued at 1.23% yoy for October (Sept 2018: 1.33% yoy) whilst core inflation was at 0.75% yoy (Sept 2018: 0.80% yoy).
- **Hong Kong:** Retail sales growth decelerated notably from 9.4% yoy in August to 2.4% yoy in September, the weakest since June 2017. Typhoon Mangkhut partially explains the subdued consumption but cannot tell the whole story. Internally, the growth in sales of food, goods in department stores and other consumer goods slowed down to 3.2% yoy, 2.0% yoy and 5.9% yoy respectively. This indicates weaker local consumer sentiment amid lower wealth effect on stock market and property market corrections. Externally, the sales of clothing & footwear dropped by 2.8% yoy, the softest since February 2017. Also, the sales of jewellery, clocks and watches merely increased by 2.2% yoy, the weakest pace since June 2017. This suggests that inbound tourism activities have been losing momentum amid a stronger HKD (or a weaker RMB) and Asia's sluggish outlook on China's slowdown and US-China trade war. All in all, we expect the prospects of higher interest rates and prolonged trade war combined will continue to take a toll on HK's retail sector as well as the retail property market. Retail sales are expected to expand by 8% in 2018 and may see single-digit negative growth in 2019.
- **Macau:** Gross gaming revenue (MOP27.3 billion) growth slowed down from 2.8% yoy in September to 2.6% yoy in October. Though the golden week holiday has brought 7.2% more visitors to Macau than the same period last year, gaming growth still decelerated further. This indicates that China's economic slowdown started to weigh on the gambling hub. On 24th Oct, the HK-Zhuhai-Macau bridge started operations. This may provide some new impetus to Macau's tourism and gaming activities. However, it may

not be able to offset the headwinds from China's weaker growth, a strong MOP and US-China trade war. As such, we expect both tourism sector and the mass market segment of the gaming centres will grow at a slower pace in the coming months. Elsewhere, policy risks related to money-laundering as well as higher borrowing costs could also deter the high rollers. All in all, we expect gross gaming revenue to expand by 10%-15% in 2018 and by 2%-5% in 2019.

Bond Market Updates

- **Market Commentary:** The SGD swap flattened yesterday, with swap rates trading 1-2bps lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 151bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 22bps to 588bps. Overall, 10Y UST yields fell 2bps to close at 3.13% after data showed a slowed down in US manufacturing, construction and productivity.
- **New Issues:** The SGD swap flattened yesterday, with swap rates trading 1-2bps lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 151bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 22bps to 588bps. Overall, 10Y UST yields fell 2bps to close at 3.13% after data showed a slowed down in US manufacturing, construction and productivity.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.277	-0.88%	USD-SGD	1.3764	-0.67%
USD-JPY	112.720	-0.19%	EUR-SGD	1.5703	0.19%
EUR-USD	1.1408	0.85%	JPY-SGD	1.2211	-0.47%
AUD-USD	0.7206	1.88%	GBP-SGD	1.7908	1.24%
GBP-USD	1.3012	1.93%	AUD-SGD	0.9918	1.19%
USD-MYR	4.1778	-0.15%	NZD-SGD	0.9159	1.42%
USD-CNY	6.9233	-0.75%	CHF-SGD	1.3735	-0.04%
USD-IDR	15128	-0.49%	SGD-MYR	3.0288	0.26%
USD-VND	23338	-0.03%	SGD-CNY	5.0286	-0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1730	--
2M	-0.3360	--	1M	2.3069	--
3M	-0.3180	--	2M	2.3964	--
6M	-0.2590	--	3M	2.5585	--
9M	-0.1980	--	6M	2.8001	--
12M	-0.1490	--	12M	3.0838	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	7.7%	7.7%	0.0%	0.0%	0.0%
12/19/2018	70.8%	65.5%	5.3%	0.0%	0.0%
01/30/2019	72.0%	64.0%	7.8%	0.2%	0.0%
03/20/2019	90.4%	40.3%	44.8%	5.2%	0.1%
05/01/2019	91.2%	37.8%	44.4%	8.5%	0.6%
06/19/2019	95.5%	23.7%	41.2%	25.9%	4.4%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.69	-2.48%	Coffee (per lb)	1.178	4.53%
Brent (per barrel)	72.89	-3.42%	Cotton (per lb)	0.7903	2.82%
Heating Oil (per gallon)	2.2008	-2.70%	Sugar (per lb)	0.1319	--
Gasoline (per gallon)	1.7165	-2.91%	Orange Juice (per lb)	1.3615	0.33%
Natural Gas (per MMBtu)	3.2370	-0.74%	Cocoa (per mt)	2,264	1.34%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,999.9	2.35%	Wheat (per bushel)	5.0800	1.50%
Nickel (per mt)	11,440.5	--	Soybean (per bushel)	8.690	3.58%
Aluminium (per mt)	1,947.0	--	Corn (per bushel)	3.6675	0.96%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,238.6	1.94%	Crude Palm Oil (MYR/MT)	1,976.0	-0.60%
Silver (per oz)	14.777	3.47%	Rubber (JPY/KG)	144.3	-0.55%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,380.74	264.98
S&P	2,740.37	28.63
Nasdaq	7,434.06	128.16
Nikkei 225	21,687.65	-232.81
STI	3,060.85	42.05
KLCI	1,706.92	-2.35
JCI	5,835.92	4.27
Baltic Dry	1,513.00	--
VIX	19.34	-1.89

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.08 (+0.02)	2.84 (-0.02)
5Y	2.29 (-0.01)	2.96 (-0.02)
10Y	2.51 (-)	3.13 (-0.01)
15Y	2.80 (-0.01)	--
20Y	2.84 (-0.01)	--
30Y	2.95 (-0.01)	3.38 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	25.60	1.03
EURIBOR-OIS	3.20	-0.68
TED	24.11	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/01/2018 00:00	NZ QV House Prices YoY	Oct	--	5.40%	4.60%	--
11/01/2018 05:30	AU AiG Perf of Mfg Index	Oct	--	58.3	59	--
11/01/2018 07:00	SK CPI MoM	Oct	-0.20%	-0.20%	0.70%	--
11/01/2018 07:00	SK CPI YoY	Oct	2.00%	2.00%	1.90%	--
11/01/2018 07:50	JN Japan Buying Foreign Bonds	Oct-26	--	¥1077.8b	¥8.1b	¥27.2b
11/01/2018 07:50	JN Foreign Buying Japan Stocks	Oct-26	--	¥349.0b	¥76.5b	¥223.7b
11/01/2018 08:00	SK Exports YoY	Oct	18.00%	22.70%	-8.20%	--
11/01/2018 08:00	SK Imports YoY	Oct	19.90%	27.90%	-2.10%	-1.60%
11/01/2018 08:00	SK Trade Balance	Oct	\$7400m	\$6552m	\$9746m	\$9565m
11/01/2018 08:30	JN Nikkei Japan PMI Mfg	Oct F	--	52.9	53.1	--
11/01/2018 08:30	SK Nikkei South Korea PMI Mfg	Oct	--	51	51.3	--
11/01/2018 08:30	TA Nikkei Taiwan PMI Mfg	Oct	--	48.7	50.8	--
11/01/2018 08:30	VN Nikkei Vietnam PMI Mfg	Oct	--	53.9	51.5	--
11/01/2018 08:30	ID Nikkei Indonesia PMI Mfg	Oct	--	50.5	50.7	--
11/01/2018 08:30	AU Trade Balance	Sep	A\$1700m	A\$3017m	A\$1604m	A\$2342m
11/01/2018 09:45	CH Caixin China PMI Mfg	Oct	50	50.1	50	--
11/01/2018 11:30	TH CPI YoY	Oct	1.33%	1.23%	1.33%	--
11/01/2018 11:30	TH CPI Core YoY	Oct	0.80%	0.75%	0.80%	--
11/01/2018 12:00	ID CPI YoY	Oct	3.06%	3.16%	2.88%	--
11/01/2018 12:00	ID CPI NSA MoM	Oct	0.19%	0.28%	-0.18%	--
11/01/2018 12:00	ID CPI Core YoY	Oct	2.90%	2.94%	2.82%	--
11/01/2018 13:00	IN Nikkei India PMI Mfg	Oct	--	53.1	52.2	--
11/01/2018 13:00	JN Vehicle Sales YoY	Oct	--	13.00%	-3.10%	--
11/01/2018 13:30	AU Commodity Index SDR YoY	Oct	--	13.10%	4.80%	6.20%
11/01/2018 13:30	AU Commodity Index AUD	Oct	--	121.7	115.7	117.3
11/01/2018 15:00	UK Nationwide House PX MoM	Oct	0.20%	0.00%	0.30%	0.20%
11/01/2018 15:00	UK Nationwide House Px NSA YoY	Oct	1.90%	1.60%	2.00%	--
11/01/2018 16:30	HK Retail Sales Value YoY	Sep	6.70%	2.40%	9.50%	9.40%
11/01/2018 16:30	HK Retail Sales Volume YoY	Sep	4.40%	1.40%	8.10%	7.90%
11/01/2018 17:30	UK Markit UK PMI Manufacturing SA	Oct	53	51.1	53.8	53.6
11/01/2018 20:00	UK Bank of England Bank Rate	Nov-01	0.75%	0.75%	0.75%	--
11/01/2018 20:00	UK BOE Asset Purchase Target	Nov	435b	435b	435b	--
11/01/2018 20:30	US Initial Jobless Claims	Oct-27	212k	214k	215k	216k
11/01/2018 20:30	US Continuing Claims	Oct-20	1640k	1631k	1636k	1638k
11/01/2018 21:30	CA Markit Canada Manufacturing PMI	Oct	--	53.9	54.8	--
11/01/2018 21:45	US Bloomberg Consumer Comfort	Oct-28	--	60.3	60.1	--
11/01/2018 21:45	US Markit US Manufacturing PMI	Oct F	55.8	55.7	55.9	--
11/01/2018 22:00	US Construction Spending MoM	Sep	0.00%	0.00%	0.10%	0.80%
11/01/2018 22:00	US ISM Manufacturing	Oct	59	57.7	59.8	--
11/01/2018 22:00	US ISM Prices Paid	Oct	69	71.6	66.9	--
11/02/2018 07:50	JN Monetary Base YoY	Oct	--	--	5.90%	--
11/02/2018 08:30	AU PPI QoQ	3Q	--	--	0.30%	--
11/02/2018 08:30	AU PPI YoY	3Q	--	--	1.50%	--
11/02/2018 08:30	AU Retail Sales MoM	Sep	0.30%	--	0.30%	--
11/02/2018 15:30	TH Foreign Reserves	Oct-26	--	--	\$203.6b	--
11/02/2018 16:45	IT Markit/ADACI Italy Manufacturing PMI	Oct	49.7	--	50	--
11/02/2018 16:50	FR Markit France Manufacturing PMI	Oct F	51.2	--	51.2	--
11/02/2018 16:55	GE Markit Germany Manufacturing PMI	Oct F	52.3	--	52.3	--
11/02/2018 17:00	EC Markit Eurozone Manufacturing PMI	Oct F	52.1	--	52.1	--
11/02/2018 17:30	UK Markit/CIPS UK Construction PMI	Oct	52	--	52.1	--
11/02/2018 20:30	CA Int'l Merchandise Trade	Sep	0.20b	--	0.53b	--
11/02/2018 20:30	US Trade Balance	Sep	-\$53.6b	--	-\$53.2b	--
11/02/2018 20:30	CA Net Change in Employment	Oct	15.0k	--	63.3k	--
11/02/2018 20:30	US Change in Nonfarm Payrolls	Oct	200k	--	134k	--
11/02/2018 20:30	CA Unemployment Rate	Oct	5.90%	--	5.90%	--
11/02/2018 20:30	US Change in Manufact. Payrolls	Oct	16k	--	18k	--
11/02/2018 20:30	US Unemployment Rate	Oct	3.70%	--	3.70%	--
11/02/2018 21:00	SI Purchasing Managers Index	Oct	52.2	--	52.4	--
11/02/2018 22:00	US Factory Orders	Sep	0.50%	--	2.30%	--
11/02/2018 22:00	US Durable Goods Orders	Sep F	--	--	0.80%	--
11/02/2018 22:00	US Durables Ex Transportation	Sep F	--	--	0.10%	--
11/02/2018 22:00	US Cap Goods Orders Nondef Ex Air	Sep F	--	--	-0.10%	--
11/02/2018 22:00	US Cap Goods Ship Nondef Ex Air	Sep F	--	--	0.00%	--

Source: Bloomberg

OCBC Treasury Research	
<p>Macro Research</p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p>Credit Research</p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).