

Highlights

Global	<p>Some stabilization in global risk appetite was seen overnight, with the S&P500 adding 0.19% even though FANG stocks remain pressured amid the ongoing global trade tensions. EU chief negotiator Barnier's comments that getting a Brexit deal done within six to eight weeks is "realistic" also lifted the GBP, and key dates to watch going forward would be the EU summits on 20 September and 18 October, with November eyed for a Brexit deal. Meanwhile, the US administration is said to be seeking fast track approval for the US-EU trade deal, while the Republicans in the House of Representatives are planning another round of tax cuts this week (Tax Reform 2.0).</p> <p>Asian markets are likely to trade with a more stable tone today, awaiting further market cues. The economic data calendar today comprises US' NFIB small business optimism, wholesale inventories and JOLTS job openings, EZ/German ZEW survey, UK's jobless claims and ILO unemployment change. ECB's Nouy is also speaking, and Russian president Putin is meeting Chinese president Xi at the Eastern Economic Forum.</p>
US	<p>Consumer credit beat expectations and rose US\$16.6b to a record US\$43.92b in July, suggesting broad demand for big-ticket items and healthy consumer spending. Meanwhile, Hurricane Florence (a Category 4 storm) is pushing towards the US East Coast and the Carolinas, and may give commodity prices a push near-term.</p>
EU	<p>Italian markets rallied yesterday following Finance Minister Giovanni Tria's reassurance that budget talks will adhere to EU rules as "it makes no sense to seek two or three billion euros of extra deficit if we then have to pay three of four billion more due to higher yields".</p>
CH	<p>CPI accelerated slightly to 2.3% yoy in August from 2.1% yoy in July due to rising vegetable prices and pork prices as a result of bad weather and outbreak of pig disease in August as well as rising rental prices. The impact of trade war on China's CPI is likely to be limited as most Chinese imports are intermediate goods rather than end consumer goods. The correlation between import prices and China's CPI is much lower than that in the US. As such, we don't expect any significant jump of CPI even trade war escalates further from here. We expect CPI to stay below 2.5% for the rest of 2018. As such, it will not be the constraints to China's monetary policy.</p>
CMD	<p>Crude oil prices failed to rally despite news that S. Korea became the first top-three Iranian oil importer to cease Iranian-sourced oil imports to zero. We opine that market-watchers may continue to monitor potential supply surges, especially from Saudi Arabia and Russia, which in turn are effective in cushioning the production shortfall from Iran. Furthermore, Iraqi oil production is seen to be at record levels with exports reaching a high of 3.55 million barrels a day at latest print. Elsewhere, the World Meteorological Organisation has highlighted a 70% chance for the recurrence of the El Nino weather event before the end of this year, and should history be of reference, likely to rally palm oil prices further into 1H19 should weather extremities come to pass.</p>

Major Markets

- **US:** Both the S&P500 and Nasdaq composite ended a 4-day losing streak, rising by 0.19% and 0.27%, respectively on Monday.
- Apple slipped 1.34%, marking its 4th consecutive session of decline on concerns over its Asian suppliers due to trade tariffs, and President Trump's tweet over the weekend urging Apple to move production to the US from China as a "solution" to avoid potential rising costs. This comes ahead of Apple's unveiling of its new line of iPhones tomorrow.
- Tesla shares rebounded as it gained 8.46% as CEO Elon Musk announced new changes in management on Friday.
- Alibaba equity fell 3.70% on news that Jack Ma was to step down from his chairman position in a year.

- **Singapore:** The STI lost another 0.43% to close at 3120.92 yesterday, but may claw back some ground today amid a tentative stabilisation of risk appetites and KOSPI's morning gains. STI may trade a range of 3110-3140 in the interim. SGS bond yields backed up around 3bps, with the sell-off concentrated in the longer tenors, and may continue to take a backseat to the recent hive of corporate issuance activity.

- **Malaysia:** The government has announced that it has cancelled three China-backed pipeline projects. The Financial Times had earlier cited Finance Minister Lim Guan Eng saying he had sent a letter to relevant parties in Beijing to terminate the planned projects. However, there is no further information on cancellation fees. The Finance Minister had also told the Financial Times that another China-backed project - the East Coast Rail Link - was under review.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates for the shorter tenors trading 3-4bps higher while the longer tenors traded 6-7bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 142bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 493bps. Overall, 10Y UST yields fell 1bps to close at 2.93% ahead of the European Central Bank meeting on Thursday as it moves away from quantitative easing.

- **New Issues:** Expand Lead Ltd has priced a USD300mn 3-year bond (guaranteed by Minmetals Land Ltd, keepwell provider: China Minmetals Corp) at 6.40%, tightening from its initial price guidance of 6.75%. Poly Real Estate Finance Ltd has priced a USD500mn 5-year bond at CT5+220bps, tightening from its initial price guidance of CT5+235bps area. AVIC International Finance & Investment Ltd has priced a USD100mn re-tap of its CATIC 4.375%'21s (guaranteed by AVIC International Holding Corporation) at 4.459%. Commerzbank Aktiengesellschaft has priced a SGD400mn 10NC5 Tier 2 bond at 4.2%, tightening from its initial price guidance of 4.375%. Seven & I Holdings Co Ltd has scheduled investor calls for its potential USD 3-year bond issuance. JT International Financial Services BV has scheduled for investor meetings from 12-13 Sept for its potential EUR/GBP/USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.150	-0.23%	USD-SGD	1.3789	0.02%
USD-JPY	111.130	0.13%	EUR-SGD	1.5986	0.36%
EUR-USD	1.1594	0.35%	JPY-SGD	1.2406	-0.12%
AUD-USD	0.7115	0.11%	GBP-SGD	1.7961	0.83%
GBP-USD	1.3026	0.82%	AUD-SGD	0.9810	0.13%
USD-MYR	4.1460	--	NZD-SGD	0.8999	-0.08%
USD-CNY	6.8555	0.17%	CHF-SGD	1.4142	-0.58%
USD-IDR	14857	0.25%	SGD-MYR	3.0051	-0.29%
USD-VND	23305	--	SGD-CNY	4.9729	0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.9188	--
2M	-0.3390	--	1M	2.1310	--
3M	-0.3190	--	2M	2.2109	--
6M	-0.2690	--	3M	2.3313	--
9M	-0.2070	--	6M	2.5415	--
12M	-0.1670	--	12M	2.8455	--

Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
09/26/2018	100.0%	96.3%	0.0%	0.0%	0.0%
11/08/2018	100.0%	93.8%	2.6%	0.0%	0.0%
12/19/2018	100.0%	30.2%	66.9%	1.9%	0.0%
01/30/2019	100.0%	28.4%	64.6%	5.9%	0.1%
03/20/2019	100.0%	12.2%	43.2%	40.6%	3.5%
05/01/2019	100.0%	11.0%	40.0%	40.9%	7.4%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.54	-0.31%	Coffee (per lb)	1.013	-1.17%
Brent (per barrel)	77.37	0.70%	Cotton (per lb)	0.8385	2.27%
Heating Oil (per gallon)	2.2178	-0.02%	Sugar (per lb)	0.1120	1.73%
Gasoline (per gallon)	1.9592	-0.55%	Orange Juice (per lb)	1.5860	1.15%
Natural Gas (per MMBtu)	2.8040	1.01%	Cocoa (per mt)	2,300	1.81%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,793.7	0.21%	Wheat (per bushel)	5.2825	3.33%
Nickel (per mt)	12,327.5	0.44%	Soybean (per bushel)	8.453	0.15%
Aluminium (per mt)	2,060.3	1.18%	Corn (per bushel)	3.6725	0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,199.8	-0.05%	Crude Palm Oil (MYR/MT)	2,266.0	--
Silver (per oz)	14.181	0.08%	Rubber (JPY/KG)	165.9	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,857.07	-59.47
S&P	2,877.13	5.45
Nasdaq	7,924.16	21.62
Nikkei 225	22,373.09	66.03
STI	3,120.92	-13.47
KLCI	1,799.17	--
JCI	5,831.12	-20.35
Baltic Dry	1,490.00	--
VIX	14.16	-0.72

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.89 (-0.01)	2.71 (+0.01)
5Y	2.15 (+0.02)	2.82 (--)
10Y	2.43 (+0.03)	2.93 (-0.01)
15Y	2.73 (+0.03)	--
20Y	2.77 (+0.03)	--
30Y	2.83 (+0.02)	3.08 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	20.77	0.37
EURIBOR-OIS	3.10	--
TED	20.14	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/10/2018 06:45	NZ Mfg Activity SA QoQ	2Q	--	1.80%	0.60%	0.70%
09/10/2018 07:50	JN GDP SA QoQ	2Q F	0.70%	0.70%	0.50%	--
09/10/2018 07:50	JN GDP Annualized SA QoQ	2Q F	2.60%	3.00%	1.90%	--
09/10/2018 07:50	JN GDP Nominal SA QoQ	2Q F	0.60%	0.70%	0.40%	--
09/10/2018 07:50	JN GDP Deflator YoY	2Q F	0.10%	0.10%	0.10%	--
09/10/2018 07:50	JN BoP Current Account Balance	Jul	¥1893.2b	¥2009.7b	¥1175.6b	--
09/10/2018 07:50	JN BoP Current Account Adjusted	Jul	¥1527.3b	¥1484.7b	¥1762.4b	--
09/10/2018 07:50	JN Trade Balance BoP Basis	Jul	¥47.7b	¥1.0b	¥820.5b	--
09/10/2018 07:50	JN Bank Lending Incl Trusts YoY	Aug	--	2.20%	2.00%	--
09/10/2018 09:30	CH PPI YoY	Aug	4.00%	4.10%	4.60%	--
09/10/2018 09:30	CH CPI YoY	Aug	2.10%	2.30%	2.10%	--
09/10/2018 12:30	JN Bankruptcies YoY	Aug	--	8.60%	-1.68%	--
09/10/2018 14:30	FR Bank of France Ind. Sentiment	Aug	102	103	101	--
09/10/2018 16:30	UK Visible Trade Balance GBP/Mn	Jul	£11,740	£9,973	£11,383	£10,679
09/10/2018 16:30	UK Trade Balance Non EU GBP/Mn	Jul	£3,300	£2,800	£2,940	£2,856
09/10/2018 16:30	UK Trade Balance	Jul	£2,100	£111	£1,861	£942
09/10/2018 16:30	UK Industrial Production MoM	Jul	0.20%	0.10%	0.40%	--
09/10/2018 16:30	UK Industrial Production YoY	Jul	1.10%	0.90%	1.10%	--
09/10/2018 16:30	UK Manufacturing Production MoM	Jul	0.20%	-0.20%	0.40%	--
09/10/2018 16:30	UK Manufacturing Production YoY	Jul	1.40%	1.10%	1.50%	--
09/10/2018 16:30	UK Index of Services 3M/3M	Jul	0.50%	0.60%	0.50%	--
09/11/2018 03:00	US Consumer Credit	Jul	\$14.000b	\$16.640b	\$10.211b	\$8.463b
09/11/2018 07:50	JN Money Stock M3 YoY	Aug	2.60%	--	2.60%	--
09/11/2018 07:50	JN Money Stock M2 YoY	Aug	3.00%	--	3.00%	--
09/11/2018 08:01	CH Manpower Survey	4Q	--	--	10%	--
09/11/2018 08:01	IN Manpower Survey	4Q	--	--	16%	--
09/11/2018 09:00	PH Exports YoY	Jul	1.80%	--	-0.10%	--
09/11/2018 09:00	PH Imports YoY	Jul	26.20%	--	24.20%	--
09/11/2018 09:00	PH Trade Balance	Jul	-\$3127m	--	-\$3350m	--
09/11/2018 09:30	AU NAB Business Conditions	Aug	--	--	12	--
09/11/2018 09:30	AU NAB Business Confidence	Aug	--	--	7	--
09/11/2018 12:30	JN Tertiary Industry Index MoM	Jul	0.10%	--	-0.50%	--
09/11/2018 14:00	JN Machine Tool Orders YoY	Aug P	--	--	13.10%	--
09/11/2018 16:30	UK Claimant Count Rate	Aug	--	--	2.50%	--
09/11/2018 16:30	UK Jobless Claims Change	Aug	--	--	6.2k	--
09/11/2018 16:30	UK Average Weekly Earnings 3M/YoY	Jul	2.40%	--	2.40%	--
09/11/2018 16:30	UK ILO Unemployment Rate 3Mths	Jul	4.00%	--	4.00%	--
09/11/2018 17:00	EC Employment QoQ	2Q	--	--	0.40%	--
09/11/2018 17:00	EC Employment YoY	2Q	--	--	1.40%	--
09/11/2018 17:00	GE ZEW Survey Current Situation	Sep	72	--	72.6	--
09/11/2018 17:00	GE ZEW Survey Expectations	Sep	-13	--	-13.7	--
09/11/2018 17:00	EC ZEW Survey Expectations	Sep	--	--	-11.1	--
09/11/2018 18:00	US NFIB Small Business Optimism	Aug	108	--	107.9	--
09/11/2018 20:15	CA Housing Starts	Aug	216.3k	--	206.3k	--
09/11/2018 22:00	US Wholesale Inventories MoM	Jul F	0.70%	--	0.70%	--
09/10/2018 09/15	CH Money Supply M1 YoY	Aug	5.30%	--	5.10%	--
09/10/2018 09/15	CH Money Supply M2 YoY	Aug	8.60%	--	8.50%	--
09/10/2018 09/15	CH Money Supply M0 YoY	Aug	3.90%	--	3.60%	--
09/10/2018 09/13	VN Domestic Vehicle Sales YoY	Aug	--	--	3.60%	--
09/10/2018 09/14	NZ REINZ House Sales YoY	Aug	--	--	0.70%	--
09/10/2018 09/15	CH New Yuan Loans CNY	Aug	1400.0b	--	1450.0b	--

Source: Bloomberg

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