

**Highlights**

<b>Global</b>	<p>Market sentiments remained weighed down by the Turkish retaliation of tariffs against the US which were rejected by the White House as “a step in the wrong direction”, even as Qatar extended a US\$15bn investment lifeline amid the standoff. This was notwithstanding the robust US economic data where retail sales rose more than expected by 0.5% mom (6.4% yoy) in July, albeit the June data was revised lower to 0.2% mom, and reinforced expectations for a healthy 3Q GDP growth. Wall Street fell, while the 10-year UST bond yield rallied to 2.86% and flattened the 2-10 year curve back to 23bps (narrowest since August 2007). Tencent's profit decline surprised markets and reinforced tech fears, while BI unexpectedly hiked rates by 25bps amid the ongoing IDR weakness, and copper sank into a bear market.</p> <p>With the flight to safety sentiments likely to prevail today, Asian markets may trade with a nervous tone today. On the economic data front, watch for US' initial jobless claims, housing starts and building permits, UK's retail sales, and Australia's unemployment data.</p>
<b>US</b>	<p>The NAHB housing market index dipped to an 11-month low of 67 in August amid rising construction costs and labour shortages. Industrial production rose 0.1% mom, while manufacturing production rose 0.3% mom in July, and kept the capacity utilization steady at 78.1%.</p>
<b>CH</b>	<p>The central bank's position for forex purchase increased further to CNY21.53 trillion in July for seven consecutive months, implying a net purchase of foreign currency despite the rapid depreciation of RMB. This also shows that PBoC did not use FX reserve to intervene the currency market significantly to stop RMB depreciation in July. In addition, China's housing price continued to rise in July. Although the pace of appreciation slowed in the tier-1 cities, price appreciation accelerated in the lower tier cities with the resale price for tier-3 cities increased by 1.1% mom on average.</p>
<b>ID</b>	<p>Bank Indonesia (BI) made the decision to hike the benchmark rate by an additional 25bps bringing it to 5.50%. This comes as the IDR experienced increasing pressure early this week following the selloff in the Turkish Lira. This hike means that the central bank has cumulatively raised rates by 125bps till date this year. Regardless, the USD-IDR value rose by 0.13% yesterday and the IDR ended weaker at 14,600 against the USD. Going forward, we expect that BI could raise rates further this year as the currency may be hurt by various external factors. President Jokowi will also be delivering his state of the nation address today, followed by the 2019 state budget speech.</p>
<b>JP</b>	<p>A trade deficit of JPY231.2b was reported in July, as import growth of 14.6% (led by oil imports) outstripped export growth of 3.9% yoy.</p>
<b>MY</b>	<p>2Q 2018 GDP will be announced tomorrow the 17th August 2018 instead of today. We are expecting growth for the second quarter to be strongest for this year before it likely moderates going into the second half of the year.</p>

## Major Markets

- **US:** Wall Street closed lower on sustained Turkish concerns and weak corporate earnings. The S&P500 fell 0.76% to 2,818.37, posting its largest single-day percentage decline since June, while the Dow Jones slipped 0.54% to 25,162.41. The Nasdaq composite tumbled to 7,774.12 (-1.23%), dragged by Tencent's disappointing earnings and Tesla's SEC subpoena. The VIX Index rose to 14.64 on Wednesday, as compared to 13.31 on Tuesday. On the Treasury front, the 2y yield dipped 2.9bp to 2.608%, while the 10y yield fell to 2.862% (-3.6bp).
- **Singapore:** The STI closed down by 0.27% at 3234.12 yesterday, and may break the 3200 handle again today amid the weak overnight cue from Wall Street amid the tech and commodity stock sell-off. With the UST bond yields lower by around 4bps overnight, the SGS bond market may also rally today amid the flight to quality.
- **Indonesia:** The BI rate hike comes as the government itself has also implemented other policies to try to stem the IDR decline. Just on Tuesday, President Jokowi had held a cabinet meeting to discuss on the forex reserves. Finance Minister Sri Mulyani then announced that the government "will take firm and drastic measures to control imports" and that they "have identified consumption goods and raw materials that can be substituted with domestic products".
- The government plans to impose a 7.5% tax on imports of select products deemed as not strategic for the economy. The government will also ask state-owned refiner PT Pertamina and electricity producer to review imports of capital goods. The two companies will also need to postpone infrastructure projects that are yet to tie up funds, according to Sri Mulyani. All request for capital goods imports by these companies will be suspended for the next six month or until the balance of payment is improved. The government is also working to mandate the use of 20% percent blended palm biodiesel in more sectors. This is estimated to cut crude oil imports by about US\$2.3bn for this year.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound yesterday, with swap rates trading around 1bps higher across most tenors (with the exception of the 30-year swap rates trading marginally lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 479bps. Overall, 10Y UST yields fell 4bps to close at 2.86% on the back of escalating tensions between US and Turkey after Turkey imposed tariffs on US imports yesterday.
- **New Issues:** Industrial & Commercial Bank of China Asia Ltd has priced a USD100mn 2-year FRN at 3mL+70bps. Zhejiang Baron (BVI) Company Ltd has scheduled for investor meetings from 16 Aug for its potential bond issuance (guaranteed by HangZhou Jianggan District Urban Construction & Comprehensive Development Co Ltd). Fufeng Group Ltd has scheduled for investor meetings from 15 Aug for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	96.696	-0.04%	<b>USD-SGD</b>	1.3802	0.17%
<b>USD-JPY</b>	110.740	-0.37%	<b>EUR-SGD</b>	1.5659	0.18%
<b>EUR-USD</b>	1.1345	0.01%	<b>JPY-SGD</b>	1.2462	0.52%
<b>AUD-USD</b>	0.7239	-0.06%	<b>GBP-SGD</b>	1.7524	-0.04%
<b>GBP-USD</b>	1.2697	-0.20%	<b>AUD-SGD</b>	0.9992	0.12%
<b>USD-MYR</b>	4.1040	0.20%	<b>NZD-SGD</b>	0.9061	0.04%
<b>USD-CNY</b>	6.9348	0.74%	<b>CHF-SGD</b>	1.3890	0.22%
<b>USD-IDR</b>	14577	-0.05%	<b>SGD-MYR</b>	2.9734	-0.25%
<b>USD-VND</b>	23313	-0.01%	<b>SGD-CNY</b>	5.0204	0.32%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	--	<b>O/N</b>	1.9133	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.0635	--
<b>3M</b>	-0.3190	--	<b>2M</b>	2.1826	--
<b>6M</b>	-0.2660	--	<b>3M</b>	2.3152	--
<b>9M</b>	-0.2070	--	<b>6M</b>	2.5124	--
<b>12M</b>	-0.1660	--	<b>12M</b>	2.8135	--

#### 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%	92.0%	8.0%	0.0%	0.0%
11/08/2018	100.0%	92.0%	8.0%	0.0%	0.0%
12/19/2018	100.0%	31.3%	63.4%	5.3%	0.0%
01/30/2019	100.0%	30.0%	62.2%	7.6%	0.2%
03/20/2019	100.0%	15.0%	46.1%	34.9%	3.9%
05/01/2019	100.0%	13.8%	43.5%	35.8%	6.5%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.01	-3.03%	Coffee (per lb)	1.060	-2.30%
Brent (per barrel)	70.76	-2.35%	Cotton (per lb)	0.8074	-2.77%
Heating Oil (per gallon)	2.0904	-1.80%	Sugar (per lb)	0.1023	-1.06%
Gasoline (per gallon)	1.9974	-1.80%	Orange Juice (per lb)	1.5670	-0.29%
Natural Gas (per MMBtu)	2.9400	-0.64%	Cocoa (per mt)	2,140	-0.47%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	5,643.8	-4.55%	Wheat (per bushel)	5.5175	-1.69%
Nickel (per mt)	12,790.5	-4.30%	Soybean (per bushel)	8.690	-1.22%
Aluminium (per mt)	2,015.5	-2.35%	Corn (per bushel)	3.7600	-0.13%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,185.0	-1.31%	Crude Palm Oil (MYR/MT)	2,195.0	-0.81%
Silver (per oz)	14.454	-3.98%	Rubber (JPY/KG)	170.4	-0.87%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,162.41	-137.51
<b>S&amp;P</b>	2,818.37	-21.59
<b>Nasdaq</b>	7,774.12	-96.78
<b>Nikkei 225</b>	22,204.22	-151.86
<b>STI</b>	3,234.12	-8.75
<b>KLCI</b>	1,785.94	2.16
<b>JCI</b>	5,816.59	46.72
<b>Baltic Dry</b>	1,725.00	--
<b>VIX</b>	14.64	1.33

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.93 (--)	2.61 (-0.03)
<b>5Y</b>	2.17 (--)	2.73 (-0.04)
<b>10Y</b>	2.46 (+0.01)	2.86 (-0.04)
<b>15Y</b>	2.75 (+0.01)	--
<b>20Y</b>	2.77 (+0.01)	--
<b>30Y</b>	2.84 (--)	3.03 (-0.04)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	26.72	-0.42
<b>EURIBOR-OIS</b>	3.10	-0.88
<b>TED</b>	25.40	--

**Economic Calendar**

Date Time		Event		Survey	Actual	Prior	Revised
08/15/2018 05:00	NZ	REINZ House Sales YoY	Jul	--	0.70%	-1.60%	--
08/15/2018 08:30	AU	Westpac Consumer Conf SA MoM	Aug	--	-2.30%	3.90%	--
08/15/2018 09:30	AU	Wage Price Index QoQ	2Q	0.60%	0.60%	0.50%	--
08/15/2018 12:00	ID	Exports YoY	Jul	11.68%	19.33%	11.47%	11.26%
08/15/2018 12:00	ID	Trade Balance	Jul	-\$625m	-\$2030m	\$1743m	\$1707m
08/15/2018 12:00	JN	Tokyo Condominium Sales YoY	Jul	--	-12.80%	16.40%	--
08/15/2018 13:52	PH	Overseas Workers Remittances	Jun	\$2600m	\$2357m	\$2469m	--
08/15/2018 13:52	PH	Overseas Remittances YoY	Jun	5.40%	-4.50%	6.90%	--
08/15/2018 15:22	ID	Bank Indonesia 7D Reverse Repo	Aug-15	5.25%	5.50%	5.25%	--
08/15/2018 16:30	UK	CPI MoM	Jul	0.00%	0.00%	0.00%	--
08/15/2018 16:30	UK	CPI YoY	Jul	2.50%	2.50%	2.40%	--
08/15/2018 16:30	UK	CPI Core YoY	Jul	1.90%	1.90%	1.90%	--
08/15/2018 16:30	UK	Retail Price Index	Jul	282.1	281.7	281.5	--
08/15/2018 16:30	UK	RPI MoM	Jul	0.20%	0.10%	0.30%	--
08/15/2018 16:30	UK	RPI YoY	Jul	3.40%	3.20%	3.40%	--
08/15/2018 16:30	UK	RPI Ex Mort Int.Payments (YoY)	Jul	3.40%	3.30%	3.40%	--
08/15/2018 16:30	UK	PPI Output NSA MoM	Jul	0.20%	0.00%	0.10%	0.30%
08/15/2018 16:30	UK	PPI Output NSA YoY	Jul	3.00%	3.10%	3.10%	3.30%
08/15/2018 19:00	US	MBA Mortgage Applications	Aug-10	--	-2.00%	-3.00%	--
08/15/2018 20:30	US	Empire Manufacturing	Aug	20	25.6	22.6	--
08/15/2018 20:30	US	Retail Sales Advance MoM	Jul	0.10%	0.50%	0.50%	0.20%
08/15/2018 20:30	US	Retail Sales Ex Auto MoM	Jul	0.30%	0.60%	0.40%	0.20%
08/15/2018 20:30	US	Retail Sales Ex Auto and Gas	Jul	0.40%	0.60%	0.30%	0.20%
08/15/2018 21:15	US	Industrial Production MoM	Jul	0.30%	0.10%	0.60%	1.00%
08/15/2018 21:15	US	Capacity Utilization	Jul	78.20%	78.10%	78.00%	78.10%
08/15/2018 22:00	US	NAHB Housing Market Index	Aug	67	67	68	--
08/16/2018 04:00	US	Total Net TIC Flows	Jun	--	\$114.5b	\$69.9b	\$69.2b
08/16/2018 04:00	US	Net Long-term TIC Flows	Jun	--	-\$36.5b	\$45.6b	\$45.5b
08/16/2018 07:50	JN	Trade Balance	Jul	¥41.2b	--	¥721.4b	¥720.8b
08/16/2018 07:50	JN	Trade Balance Adjusted	Jul	¥20.7b	--	¥66.2b	--
08/16/2018 07:50	JN	Japan Buying Foreign Bonds	Aug-10	--	--	¥1171.0b	--
08/16/2018 07:50	JN	Foreign Buying Japan Stocks	Aug-10	--	--	¥225.2b	--
08/16/2018 07:50	JN	Foreign Buying Japan Bonds	Aug-10	--	--	¥661.5b	--
08/16/2018 09:30	AU	Employment Change	Jul	15.0k	--	50.9k	--
08/16/2018 09:30	AU	Unemployment Rate	Jul	5.40%	--	5.40%	--
08/16/2018 09:30	AU	Full Time Employment Change	Jul	--	--	41.2k	--
08/16/2018 09:30	AU	Participation Rate	Jul	65.70%	--	65.70%	--
08/16/2018 09:30	AU	RBA FX Transactions Market	Jul	--	--	A\$1752m	--
08/16/2018 11:00	NZ	Non Resident Bond Holdings	Jul	--	--	58.10%	--
08/16/2018 16:30	UK	Retail Sales Ex Auto Fuel MoM	Jul	0.00%	--	-0.60%	--
08/16/2018 16:30	UK	Retail Sales Ex Auto Fuel YoY	Jul	2.80%	--	3.00%	--
08/16/2018 16:30	UK	Retail Sales Inc Auto Fuel MoM	Jul	0.20%	--	-0.50%	--
08/16/2018 16:30	UK	Retail Sales Inc Auto Fuel YoY	Jul	2.90%	--	2.90%	--
08/16/2018 20:30	CA	Manufacturing Sales MoM	Jun	1.00%	--	1.40%	--
08/16/2018 20:30	US	Initial Jobless Claims	Aug-11	215k	--	213k	--
08/16/2018 20:30	US	Continuing Claims	Aug-04	1740k	--	1755k	--
08/16/2018 20:30	US	Philadelphia Fed Business Outlook	Aug	22	--	25.7	--
08/16/2018 20:30	US	Housing Starts	Jul	1260k	--	1173k	--
08/16/2018 20:30	US	Building Permits	Jul	1310k	--	1273k	1292k
08/16/2018 21:45	US	Bloomberg Economic Expectations	Aug	--	--	53.5	--
08/16/2018 21:45	US	Bloomberg Consumer Comfort	Aug-12	--	--	59.3	--

Source: Bloomberg

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