

Highlights

Global	Stock markets in the US and Asia ended generally lower as the S&P500 closed lower by 2.06%, Dow Jones ended with a decrease of 2.13% whilst other major Asian markets such as the Shanghai composite finished lower by 5.22%, Nikkei 225 by 3.89% and Kospi by 4.44%. This comes as many had been expecting a market correction but President Trump said, "It's a correction that I think is caused by the Federal Reserve". The President further labelled the Fed as "out of control" but stated that he will "not fire" Jerome Powell. US Treasury staff yesterday also found that China isn't a currency manipulator and they would advise Mnuchin as such despite previous claims by Trump that the country is a manipulator. Trump though is set to meet with Xi Jinping at the G20 summit scheduled to take place at the end of November. This could give some hope that a trade war could be averted. Meanwhile, in Europe, Theresa May has reportedly briefed her inner cabinet that a historic deal is close, though the EU Finance Minister has mentioned that the Irish border still appears as "mission impossible". In Singapore, the MAS increased the slope of the currency band whilst 3Q 2018 GDP surprised higher at 2.6% yoy, based on latest MTI advance estimates. Singapore is also looking to sign a US\$10bn currency swap agreement with Indonesia. Asian markets could be set for a mixed end to the week amid the slump in US markets but also some signs that China and Hong Kong could steady. Key data releases to look out for today include Germany's CPI, Eurozone industrial production and US import price index.
CH	PBoC Governor Yi Gang said leverage ratio for state owned enterprises continued to go down and financial risk is well contained.
SG	3Q18 GDP surprised higher at 2.6% yoy (+4.7% qoq saar) according to the latest MTI advance estimates. Accounting for the print, the Singapore economy grew at an average of 3.8% in the first 9 months of the year, the highest growth print since 2013. MAS tips 2018 full-year growth to come in within the upper half of the 2.5 – 3.5% range albeit some slight moderation in momentum into 2019. Inflationary pressures is perceived to have picked up, with headline inflation to be around 0.5% in 2018 before edging higher to 1 – 2% into 2019. Core inflation is also expected to edge up further to around 2.0% in the months ahead. Importantly as well, the MAS has raised the slope of the S\$NEER policy band "slightly", with no change to its width and centre.
ID	The country is set to agree a currency swap agreement with Singapore to the value of US\$10bn. Indonesia already has currency swap agreements in place with other countries such as Australia (A\$10bn), Japan (US\$22.8bn) and South Korea (KRW10.7 trillion) plus the option to utilize the Chiang Mai initiative.
CMD	Crude oil prices posted its largest decline in eight weeks on the back of risk-off sentiment. Both WTI and Brent fell over 3.0%, while gold reverted back to safe haven status and climbed 2.9% to \$1,227.6/oz. Even so, US crude oil stockpiles rose for the third straight weeks amid mounting momentum for refineries to conduct seasonal maintenance.

Major Market

- **US:** Wall Street closed lower on Thursday, with the S&P500 recording a 2.06% decline. This comes a day ahead of the quarterly earnings season, of which Citigroup, J.P. Morgan Chase and Wells Fargo's release of earnings results tomorrow will mark the start of the season for the financial sector.
- The DJIA fell 2.13%, while the Nasdaq composite slipped 1.25%.
- Delta Air Lines equity rose 3.56% (largest daily gain since July) on exceeding 3Q earnings expectations as the firm reported an 8% boost in revenue, and profits increased 13% to \$1.3bn.
- **Singapore:** The STI fell 2.69% on Thursday to close down at 3,047.39. Golden Agri-Resources (-5.88%) recorded the largest loss, followed by Genting Singapore (-5.00%) and ComfortDelGro (-4.89%).
- **Malaysia:** The industrial production index came in at 2.2% yoy for August 2018, mainly driven by Manufacturing (4.3% yoy) and Electricity (4.0% yoy). The mining sector saw a decline of 4.6% yoy but on a monthly basis, there was an increase of 5.7% mom.
- **Macau:** Housing transaction volume and average housing price both increased for the third consecutive month and was up by 27.1% yoy and 4.7% yoy respectively to 829 deals and MOP99,254/square meter in August. During the same month, approved new residential mortgage loans surged by 128.9% yoy to MOP7.3 billion, slightly lower than the four-year high of MOP7.4 billion in June 2018. On the back of supportive housing measure, local first-home buyers who accounted for 86% of total housing transactions continued to be the main driver of recent housing market growth. Moving forward, with regard to demand, the new housing measures may continue to tame speculation demand. In addition, stock market correction and higher borrowing costs together may dent overall housing demand despite the supportive measure. As such, we expect the growth of mortgage loans and housing transaction volume to soften in the near term. However, on the supply front, housing completion and housing start dropped by 41% and 69% to 2037 units and 945 units respectively. This signals slow increase in new housing supply, which could keep housing prices elevated. Therefore, average housing prices are expected to hover around MOP100,000/square meter.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, with swap rates for the shorter tenors trading 1-3 bps lower while the longer tenors traded 5-6 bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS was 2bps higher at 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS was 11bps higher at 487bps, a relatively large one day widening. 10Y UST yields declined 1bps to 3.15%.
- **New Issues:** China priced USD3bn of bonds across 3 tranches (1) USD1.5bn 5Y bond at CT5+30bps, tightening from initial price guidance of CT5+50bps (2) USD1.0bn 10Y bond at CT10+45bps, tightening from initial price guidance of CT10+65bps (3) USD500mn 30Y bond at CT30+70bps, tightening from an initial price guidance of CT30+90bps. Sumitomo Mitsui Banking Corporation will be on road in Europe from 17 Oct for a potential EUR 5YR Japanese contractual covered bond.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.017	-0.51%	USD-SGD	1.3764	-0.51%
USD-JPY	112.160	-0.10%	EUR-SGD	1.5958	0.13%
EUR-USD	1.1593	0.63%	JPY-SGD	1.2271	-0.43%
AUD-USD	0.7124	0.98%	GBP-SGD	1.8212	-0.24%
GBP-USD	1.3230	0.26%	AUD-SGD	0.9805	0.45%
USD-MYR	4.1585	0.14%	NZD-SGD	0.8979	0.63%
USD-CNY	6.8899	-0.50%	CHF-SGD	1.3911	-0.44%
USD-IDR	15235	0.23%	SGD-MYR	3.0106	0.26%
USD-VND	23345	-0.03%	SGD-CNY	4.9972	-0.24%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1720	--
2M	-0.3370	--	1M	2.2832	--
3M	-0.3180	--	2M	2.3225	--
6M	-0.2680	--	3M	2.4252	--
9M	-0.2060	--	6M	2.6363	--
12M	-0.1560	--	12M	2.9691	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	2.0%	2.0%	0.0%	0.0%	0.0%
12/19/2018	75.2%	73.7%	1.5%	0.0%	0.0%
01/30/2019	75.9%	72.4%	3.5%	0.0%	0.0%
03/20/2019	92.8%	38.5%	51.9%	2.5%	0.0%
05/01/2019	93.6%	35.2%	50.5%	7.6%	0.3%
06/19/2019	97.0%	20.1%	42.4%	30.2%	4.1%

Equity and Commodity

Index	Value	Net change
DJIA	25,052.83	-545.91
S&P	2,728.37	-57.31
Nasdaq	7,329.06	-92.99
Nikkei 225	22,590.86	-915.18
STI	3,047.39	-84.09
KLCI	1,708.49	-26.69
JCI	5,702.82	-117.85
Baltic Dry	1,493.00	--
VIX	24.98	2.02

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.05 (-0.01)	2.85 (+0.01)
5Y	2.35 (-0.05)	3.00 (--)
10Y	2.58 (-0.05)	3.15 (-0.01)
15Y	2.86 (-0.05)	--
20Y	2.89 (-0.05)	--
30Y	2.94 (-0.04)	3.32 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	18.14	0.88
EURIBOR-OIS	3.68	0.20
TED	17.19	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	70.97	-3.01%	Coffee (per lb)	1.129	0.89%
Brent (per barrel)	80.26	-3.41%	Cotton (per lb)	0.7681	0.01%
Heating Oil (per gallon)	2.3322	-2.62%	Sugar (per lb)	0.1292	0.54%
Gasoline (per gallon)	1.9327	-4.34%	Orange Juice (per lb)	1.4270	-0.70%
Natural Gas (per MMBtu)	3.2220	-1.89%	Cocoa (per mt)	2,097	0.43%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,179.5	0.81%	Wheat (per bushel)	5.0800	-0.49%
Nickel (per mt)	12,603.5	-0.05%	Soybean (per bushel)	8.583	0.70%
Aluminium (per mt)	2,014.5	-1.44%	Corn (per bushel)	3.6925	1.79%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,227.6	2.87%	Crude Palm Oil (MYR/MT)	2,171.0	-1.00%
Silver (per oz)	14.606	1.95%	Rubber (JPY/KG)	169.2	-2.03%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
10/11/2018 04:00	NZ REINZ House Sales YoY	Sep	--	-3.00%	3.10%	--
10/11/2018 05:45	NZ Food Prices MoM	Sep	--	-0.10%	-0.50%	--
10/11/2018 07:00	SK BoP Current Account Balance	Aug	--	\$8439.8m	\$8757.8m	--
10/11/2018 07:01	UK RICS House Price Balance	Sep	1%	-2%	2%	1%
10/11/2018 07:50	JN PPI YoY	Sep	2.90%	3.00%	3.00%	--
10/11/2018 07:50	JN PPI MoM	Sep	0.20%	0.30%	0.00%	--
10/11/2018 12:00	MA Industrial Production YoY	Aug	2.30%	2.20%	2.60%	--
10/11/2018 14:45	FR CPI EU Harmonized MoM	Sep F	-0.20%	-0.20%	-0.20%	--
10/11/2018 14:45	FR CPI EU Harmonized YoY	Sep F	2.50%	2.50%	2.50%	--
10/11/2018 14:45	FR CPI MoM	Sep F	-0.20%	-0.20%	-0.20%	--
10/11/2018 14:45	FR CPI YoY	Sep F	2.20%	2.20%	2.20%	--
10/11/2018 14:45	FR CPI Ex-Tobacco Index	Sep	103.28	103.25	103.48	--
10/11/2018 20:30	US CPI MoM	Sep	0.20%	0.10%	0.20%	--
10/11/2018 20:30	CA New Housing Price Index MoM	Aug	0.10%	0.00%	0.10%	--
10/11/2018 20:30	US CPI Ex Food and Energy MoM	Sep	0.20%	0.10%	0.10%	--
10/11/2018 20:30	US CPI YoY	Sep	2.40%	2.30%	2.70%	--
10/11/2018 20:30	US CPI Ex Food and Energy YoY	Sep	2.30%	2.20%	2.20%	--
10/11/2018 20:30	US Initial Jobless Claims	Oct-06	207k	214k	207k	--
10/11/2018 20:30	US Continuing Claims	Sep-29	1660k	1660k	1650k	1656k
10/11/2018 21:45	US Bloomberg Consumer Comfort	Oct-07	--	59.5	61.6	--
10/12/2018 05:30	NZ BusinessNZ Manufacturing PMI	Sep	--	51.7	52	--
10/12/2018 07:00	SK Unemployment rate SA	Sep	4.10%	4.00%	4.20%	--
10/12/2018 07:50	JN Money Stock M3 YoY	Sep	2.50%	--	2.50%	--
10/12/2018 07:50	JN Money Stock M2 YoY	Sep	2.90%	--	2.90%	--
10/12/2018 07:50	JN Japan Buying Foreign Bonds	Oct-05	--	--	¥379.9b	--
10/12/2018 07:50	JN Foreign Buying Japan Bonds	Oct-05	--	--	¥179.7b	--
10/12/2018 07:50	JN Foreign Buying Japan Stocks	Oct-05	--	--	¥835.7b	--
10/12/2018 08:00	SI GDP SAAR QoQ	3Q A	5.00%	4.70%	0.60%	1.20%
10/12/2018 08:00	SI GDP YoY	3Q A	2.40%	2.60%	3.90%	4.10%
10/12/2018 08:30	AU Home Loans MoM	Aug	-1.00%	--	0.40%	--
10/12/2018 08:30	AU Owner-Occupier Loan Value MoM	Aug	--	--	1.30%	--
10/12/2018 12:30	JN Tertiary Industry Index MoM	Aug	0.30%	--	0.10%	--
10/12/2018 13:00	SI Retail Sales SA MoM	Aug	--	--	-2.90%	--
10/12/2018 13:00	SI Retail Sales YoY	Aug	-1.30%	--	-2.60%	--
10/12/2018 14:00	GE CPI MoM	Sep F	0.40%	--	0.40%	--
10/12/2018 14:00	GE CPI YoY	Sep F	2.30%	--	2.30%	--
10/12/2018 14:00	GE CPI EU Harmonized MoM	Sep F	0.40%	--	0.40%	--
10/12/2018 14:00	GE CPI EU Harmonized YoY	Sep F	2.20%	--	2.20%	--
10/12/2018 15:30	TH Foreign Reserves	Oct-05	--	--	\$204.5b	--
10/12/2018 17:00	EC Industrial Production SA MoM	Aug	0.50%	--	-0.80%	--
10/12/2018 17:00	EC Industrial Production WDA YoY	Aug	-0.20%	--	-0.10%	--
10/12/2018 20:00	IN CPI YoY	Sep	4.00%	--	3.69%	--
10/12/2018 20:00	IN Industrial Production YoY	Aug	3.90%	--	6.60%	--
10/12/2018 20:30	US Import Price Index MoM	Sep	0.20%	--	-0.60%	--
10/12/2018 22:00	US U. of Mich. Sentiment	Oct P	100.5	--	100.1	--
10/12/2018	CH Trade Balance	Sep	\$19.20b	--	\$27.89b	--
10/12/2018	CH Imports YoY	Sep	15.30%	--	20.00%	19.90%
10/12/2018	CH Exports YoY	Sep	8.20%	--	9.80%	--
10/11/2018 10/15	CH Money Supply M2 YoY	Sep	8.30%	--	8.20%	--
10/11/2018 10/15	CH New Yuan Loans CNY	Sep	1358.7b	--	1280.0b	--
10/12/2018 10/19	US Monthly Budget Statement	Sep	\$75.0b	--	\$7.9b	--

Source: Bloomberg

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