

Highlights

Global	Robust global economic prints generally supported the reflationary theme, notwithstanding overnight news of a NYC attack by a truck killing at least 8 persons on a bicycle path. BOJ kept its policy settings static as largely expected in a 8-1 vote (with new member Kataoka as the sole dissenter), but trimmed its FY17 core inflation forecast to 0.7-1.0% and revised up FY17 GDP growth slightly to 1.7-2.0%. BOJ governor Kuroda reiterated the need to continue monetary policy easing and any exit discussions would be “misleading”. While China’s official manufacturing and non-manufacturing PMIs point to a softer 4Q start, market will await the Caixin manufacturing PMI data out later today. Ahead of the FOMC meeting and President Trump’s choice of Fed chair, Asian bourses are likely take direction from the slew of manufacturing PMIs due across Asia today. Today’s economic data calendar also comprises of US’ manufacturing ISM, ADP employment change, Indonesian and Thai CPI, and UK’ Nationwide house price index.
US	Conference Board consumer confidence jumped 5.3 points to 125.9 (highest since Dec 2000), as households turned more upbeat about the economy and the labor market. Meanwhile, the 3Q employment cost index accelerated from 0.5% in 2Q to 0.7% in 3Q17, which could reassure policymakers that inflation remains currently weak but is on track to its 2% target in the medium term. The Chicago Purchasing Manager index rose from 65.2 to 66.2 in Oct, also suggesting healthy orders growth.
EZ	Eurozone’s 3Q GDP growth was 0.6% qoq sa (2.5% yoy), beating expectations, and reinforced the ECB’s recent decision to taper its QE.
CN	China’s PMI softened slightly to 51.6 in October after a surprise jump to 52.4 in September. Both demand and supply sub-index fell slightly but still well above the threshold line 50. In addition, the retreat of purchase price index by 5 points to 63.4 signals that China’s PPI may have peaked in September. We expect PPI to decline gradually in the coming months.
SG	Bank loans growth reaccelerated from 5.1% yoy (+0.3% mom) in Aug to 6.2% yoy (+1.0% mom) in Sep (highest since Jun17), bringing Jan-Sep to 5.9% yoy. Notably, business loans growth rebounded from 5.8% yoy (0.1% mom) in Aug to 8.0% yoy (1.4% mom) in Sep (also the highest since Jun17), due to healthy momentum from general commerce, financial institutions, manufacturing and business services. However, consumer loans moderated from 3.9% yoy (0.5% mom) in Aug to 3.6% yoy (0.4% mom) in Sep, in line with the easing in housing/bridging loans growth (4.2% versus 4.3% yoy). A net 5% of manufacturers tip business conditions to improve for the six months ending March 2018, up from 4% a quarter ago and also a year ago. The most upbeat was precision engineering, whereas electronics turned bearish (-11%) in view of an anticipated seasonal slowdown, especially for infocomms & consumer electronics and other electronics modules & components. Service sentiments has improved for the third consecutive quarter to a net 9% anticipating more favourable business conditions, with the exception of the real estate segment (-5%).
CMD	Crude oil prices continue to hit multi-month high as investors digested yet another inventory draw report from the American Petroleum Institute (API). API reports that US crude drawdowns are at 5.09 million barrels, while gasoline stocks declined 7.7 million barrels for the latest week.

Major Market

- **US:** Equities crept higher on Tuesday, as the market consolidated into a holding pattern ahead of the key announcements of the week. The S&P 500 inched higher by 0.09%, while the Dow and Nasdaq Composite rose by 0.12% and 0.43% respectively. VIX stood at 10.18, compared to 10.18 previously.
- US Treasury yields were also firmer overnight, with the 2y and 10y yields standing at 1.60% and 2.38%. Markets continue to wait on Trump's announcement of the new Fed Chair, which may determine the 10y yield's trading range in the near future. Indications continue to heavily favour Powell.
- **Singapore:** The STI ended flattish (-0.06%) to close at 3374.08 yesterday, but may trade a firmer tone today amid positive overnight gains by Wall Street and morning gains by Kospi. With UST bond yields moving higher by up to 3bps, SGS bond market may reverse gains seen yesterday as well.
- **Korea:** Despite recent favourable economic indicators, inflation risks continue to remain almost non-existent. Headline inflation decelerated for the second month to 1.8% in October, down from Sept's 2.1%. Although transport prices rose 3.6% likely on higher oil prices, the deceleration in heavy-weights such as food & non-alcoholic beverages (+1.7%) and housing & utilities (+1.8%) led overall CPI growth lower.
- **Hong Kong:** Total loans and advances continued to grow notably by 15.2% yoy in September 2017. Firstly, trade finance grew by 8.5% yoy, in line with the strong growth in total exports and imports (+9.5% yoy in September 2017). Trade finance is expected to expand further as global recovery continues to support Asian exports. Secondly, other loans for use in HK increased by 15.8% yoy. As we expect global liquidity to remain flush at least until mid-2018, demand for loans to financial concerns and property development may hold up well. Thirdly, approved new mortgage loans exhibited the first year-on-year decline since July 2016 and were down by 8.1% yoy. Given uptrend in HIBOR and prospects for increasing new home supply, moderation in housing market growth may persist and remain to suppress demand for mortgages loans, 93.4% of which were loans with reference to HIBOR.
- On the other hand, growth in loans for use outside of HK slowed down to 16.8% yoy from 17.1% in August and 17.9% in July. This was due to a less tight liquidity condition in the onshore market and the curbed overseas investment of Mainland companies. However, given concerns about intensifying de-leveraging campaign and year-end effect, onshore liquidity tightened again. Adding on increasing financing needs associated with the Belt and Road Initiative, we expect growth of loans for use outside of HK to stabilize in the coming months.
- Elsewhere, CNH deposits in HK rose by 0.5% mom to RMB535.5 billion in September 2017. Recently, RMB has stabilized after depreciating on a broad strength of USD in September. As market expectations on the two-way volatility of RMB become more solid while banks raised CNH deposit rates, we expect RMB deposits to expand moderately in the coming months.
- **Macau:** Hotel occupancy rate rebounded by 3.9 percentage points on a yearly basis to 86.6% in September. The number of hotel guests also increased at a slightly faster pace by 3.2% yoy. The recovery was attributed to various promotions offered by the hotels after two typhoons disrupted operations. However, in the near term, upside on both tourism and hotel sectors may be limited. We note that hotels guests from Hong Kong, Taiwan and Japan decreased by 29.4%, 6.1% and 5.8% on a yearly basis in

September. High accommodation and transportation costs as well the delayed opening of a mega project until 1Q 2018 could remain to deter potential tourists. In the longer term, with the expansion of China's middle-class and a slew of new project openings, we expect both tourism and hotel sectors to gain further momentum.

- **Indonesia:** Officials from Bank Indonesia, this time Senior Deputy Governor Mirza Adityaswara, continued to signal that there is limited room for rates to go lower in the near term. It appears that the BI prefers macroprudential tools if further easing is required. October inflation data will be released later today. We expect inflation to remain muted, slipping further compared to the September print.
- **Commodities:** Overall inventories are likely to see further drawdowns into the year as US refinery utilization rates gradually edge higher as refineries exit their maintenance season in the weeks ahead. Gold tumbled lower as market-watchers await for tonight's FOMC decision amid mounting anticipations on the appointment of the new Fed Chair.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-10bps lower across all tenors, following the bull-flattening of the US Treasuries curve on Monday. In the broader dollar space, the spread on JACI IG Corp fell 2bps to 176bps, while the yield on JACI HY Corp rose 3bps to 6.87%. 10Y UST yields rose 1bps to 2.38%, despite stronger-than-expected October Chicago PMI data.
- **New Issues:** FCT MTN Pte Ltd has priced a SGD70mn 7-year bond (guaranteed by HSBC Institutional Trust Services Singapore Ltd in its capacity as trustee of Frasers Centrepoint Trust) at 2.77%, tightening from initial guidance of 2.95% area. The expected issue ratings are 'BBB+/NR/NR'. CNQC International Holdings Limited has priced a SGD100mn 3-year bond at 99.724 to yield 5%. Huarong Finance 2017 Co has priced a five-tranche deal (guaranteed by China Huarong International Holdings Ltd and supported with a keepwell and equity interest purchase undertaking by China Huarong Asset Management Co), with the USD500mn 5-year floating rate bond priced at 3mL+115bps, tightening from initial guidance of 3mL+155bps; the SGD400mn 8-year fixed rate bond priced at 3.80%, tightening from initial guidance of 4%; the USD1.1bn 10-year fixed rate bond priced at CT10+190bps, tightening from initial guidance of CT10+220bps; the USD700mn 30-year fixed rate bond priced at 4.95%, tightening from initial guidance of 5.25% area; and the USD700mn Perp NC5 priced at 4%, tightening from initial guidance of 4.3% area. The expected issue ratings for the straight bonds are 'NR/Baa1/A', while the expected issue ratings for the Perp are 'NR/Baa1/A-'. VIVAT NV has scheduled investor meetings for potential USD tier 2 Perp NC5 from 1Nov.
- **Rating Changes:** FCT MTN Pte Ltd has priced a SGD70mn 7-year bond (guaranteed by HSBC Institutional Trust Services Singapore Ltd in its capacity as trustee of Frasers Centrepoint Trust) at 2.77%, tightening from initial guidance of 2.95% area. The expected issue ratings are 'BBB+/NR/NR'. CNQC International Holdings Limited has priced a SGD100mn 3-year bond at 99.724 to yield 5%. Huarong Finance 2017 Co has priced a five-tranche deal (guaranteed by China Huarong International Holdings Ltd and supported with a keepwell and equity interest purchase undertaking by China Huarong Asset Management Co), with the USD500mn 5-year floating rate bond priced at 3mL+115bps, tightening from initial guidance of 3mL+155bps; the SGD400mn 8-year fixed rate bond priced at 3.80%, tightening from initial guidance of 4%; the USD1.1bn 10-year fixed rate bond priced at CT10+190bps, tightening from initial guidance of

CT10+220bps; the USD700mn 30-year fixed rate bond priced at 4.95%, tightening from initial guidance of 5.25% area; and the USD700mn Perp NC5 priced at 4%, tightening from initial guidance of 4.3% area. The expected issue ratings for the straight bonds are 'NR/Baa1/A', while the expected issue ratings for the Perp are 'NR/Baa1/A-'. VIVAT NV has scheduled investor meetings for potential USD tier 2 Perp NC5 from 1Nov.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.552	-0.01%	USD-SGD	1.3628	0.15%
USD-JPY	113.640	0.41%	EUR-SGD	1.5871	0.10%
EUR-USD	1.1646	-0.04%	JPY-SGD	1.1992	-0.27%
AUD-USD	0.7656	-0.42%	GBP-SGD	1.8101	0.71%
GBP-USD	1.3283	0.57%	AUD-SGD	1.0433	-0.29%
USD-MYR	4.2320	-0.14%	NZD-SGD	0.9331	-0.29%
USD-CNY	6.6350	-0.17%	CHF-SGD	1.3660	-0.19%
USD-IDR	13563	-0.14%	SGD-MYR	3.1078	0.02%
USD-VND	22711	-0.05%	SGD-CNY	4.8705	-0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1850	--
2M	-0.3410	--	1M	1.2421	--
3M	-0.3310	--	2M	1.3161	--
6M	-0.2760	--	3M	1.3768	--
9M	-0.2230	--	6M	1.5731	--
12M	-0.1850	--	12M	1.8423	--

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	0.0%	0.0%	0.0%	0.0%	0.0%
12/13/2017	66.8%	66.8%	0.0%	0.0%	0.0%
01/31/2018	67.6%	65.7%	1.9%	0.0%	0.0%
03/21/2018	80.8%	49.5%	30.5%	0.9%	0.0%
05/02/2018	81.7%	47.9%	31.4%	2.3%	0.0%
06/13/2018	87.1%	37.9%	36.7%	11.7%	0.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	54.38	0.42%	Copper (per mt)	6,836.5	-0.35%
Brent (per barrel)	61.37	0.77%	Nickel (per mt)	11,634.5	--
Heating Oil (per gallon)	1.8845	0.36%	Aluminium (per mt)	2,149.3	--
Gasoline (per gallon)	1.7796	0.88%			
Natural Gas (per MMBtu)	2.8960	-2.36%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,815.0	-0.85%
			Rubber (JPY/KG)	192.8	-1.43%
Precious Metals	Futures	% chg			
Gold (per oz)	1,270.5	-0.56%			
Silver (per oz)	16.693	-0.91%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	23,377.24	28.50
S&P	2,575.26	2.43
Nasdaq	6,727.67	28.71
Nikkei 225	22,011.61	-0.06
STI	3,374.08	-1.89
KLCI	1,747.92	-0.43
JCI	6,005.78	31.71
Baltic Dry	1,546.00	--
VIX	10.18	-0.32

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.42 (-0.04)	1.60 (+0.03)
5Y	1.66 (-0.06)	2.02 (+0.02)
10Y	2.15 (-0.05)	2.38 (+0.01)
15Y	2.45 (-0.1)	--
20Y	2.45 (-0.1)	--
30Y	2.55 (-0.06)	2.88 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	10.49	-0.63
EURIBOR-OIS	2.61	-0.02
TED	25.32	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
10/31/2017 05:45	NZ Building Permits MoM	Sep	--	-2.30%	10.20%	5.90%
10/31/2017 07:00	SK Industrial Production YoY	Sep	4.80%	8.40%	2.70%	2.30%
10/31/2017 07:30	JN Jobless Rate	Sep	2.80%	2.80%	2.80%	--
10/31/2017 07:30	JN Job-To-Applicant Ratio	Sep	1.53	1.52	1.52	--
10/31/2017 07:50	JN Industrial Production YoY	Sep P	2.00%	2.50%	5.30%	--
10/31/2017 08:00	NZ ANZ Business Confidence	Oct	--	-10.1	0	--
10/31/2017 08:30	AU Private Sector Credit YoY	Sep	5.60%	5.40%	5.50%	5.40%
10/31/2017 09:00	CH Manufacturing PMI	Oct	52	51.6	52.4	--
10/31/2017 14:30	FR GDP QoQ	3Q A	0.50%	0.50%	0.50%	0.60%
10/31/2017 14:30	FR GDP YoY	3Q A	2.10%	2.20%	1.80%	--
10/31/2017 15:30	TH Exports YoY	Sep	--	13.40%	15.80%	0.00%
10/31/2017 15:30	TH BoP Current Account Balance	Sep	\$4213m	\$6287m	\$4657m	--
10/31/2017 15:45	FR CPI EU Harmonized YoY	Oct P	1.20%	1.20%	1.10%	--
10/31/2017 15:45	FR CPI YoY	Oct P	1.00%	1.10%	1.00%	--
10/31/2017 16:00	TA GDP YoY	3Q P	2.20%	3.11%	2.13%	--
10/31/2017 18:00	EC Unemployment Rate	Sep	9.00%	8.90%	9.10%	9.00%
10/31/2017 18:00	EC GDP SA QoQ	3Q A	0.50%	0.60%	0.60%	0.70%
10/31/2017 18:00	EC GDP SA YoY	3Q A	2.40%	2.50%	2.30%	--
10/31/2017 18:00	IT CPI EU Harmonized YoY	Oct P	1.30%	1.10%	1.30%	--
10/31/2017 18:00	EC CPI Estimate YoY	Oct	1.50%	1.40%	1.50%	--
10/31/2017 20:30	CA GDP MoM	Aug	0.10%	-0.10%	0.00%	--
10/31/2017 20:30	US Employment Cost Index	3Q	0.70%	0.70%	0.50%	--
10/31/2017 21:45	US Chicago Purchasing Manager	Oct	60	66.2	65.2	--
10/31/2017 22:00	US Consumer Confidence	Oct	121.5	125.9	119.8	120.6
11/01/2017 05:45	NZ Unemployment Rate	3Q	4.70%	4.60%	4.80%	--
11/01/2017 06:30	AU AiG Perf of Mfg Index	Oct	--	51.1	54.2	--
11/01/2017 07:00	SK CPI YoY	Oct	1.90%	1.80%	2.10%	--
11/01/2017 08:00	SK Exports YoY	Oct	15.60%	--	35.00%	--
11/01/2017 08:30	ID Nikkei Indonesia PMI Mfg	Oct	--	--	50.4	--
11/01/2017 08:30	VN Nikkei Vietnam PMI Mfg	Oct	--	--	53.3	--
11/01/2017 08:30	JN Nikkei Japan PMI Mfg	Oct F	--	--	52.5	--
11/01/2017 08:30	SK Nikkei South Korea PMI Mfg	Oct	--	--	50.6	--
11/01/2017 08:30	TA Nikkei Taiwan PMI Mfg	Oct	--	--	54.2	--
11/01/2017 09:45	CH Caixin China PMI Mfg	Oct	51	--	51	--
11/01/2017 11:30	TH CPI YoY	Oct	0.83%	--	0.86%	--
11/01/2017 12:00	ID CPI YoY	Oct	3.68%	--	3.72%	--
11/01/2017 13:00	IN Nikkei India PMI Mfg	Oct	--	--	51.2	--
11/01/2017 13:30	AU Commodity Index SDR YoY	Oct	--	--	18.30%	--
11/01/2017 15:00	UK Nationwide House PX MoM	Oct	0.20%	--	0.20%	--
11/01/2017 15:00	UK Nationwide House Px NSA YoY	Oct	2.20%	--	2.00%	--
11/01/2017 17:30	UK Markit UK PMI Manufacturing SA	Oct	55.9	--	55.9	--
11/01/2017 19:00	US MBA Mortgage Applications	Oct-27	--	--	-4.60%	--
11/01/2017 20:15	US ADP Employment Change	Oct	200k	--	135k	--
11/01/2017 21:30	CA Manufacturing PMI	Oct	--	--	55	--
11/01/2017 21:45	US Markit US Manufacturing PMI	Oct F	54.5	--	54.5	--
11/01/2017 22:00	US ISM Manufacturing	Oct	59.5	--	60.8	--
11/01/2017 22:00	US ISM Prices Paid	Oct	67.8	--	71.5	--
11/01/2017 22:00	US Construction Spending MoM	Sep	-0.20%	--	0.50%	--

Source: Bloomberg

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